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THIRTEENTH REGULAR MEETING
FIRE UNDERWRITERS' ASSOCIATION

OF THE NORTHWEST,

Chicago, September 6th and 7th, 1882.

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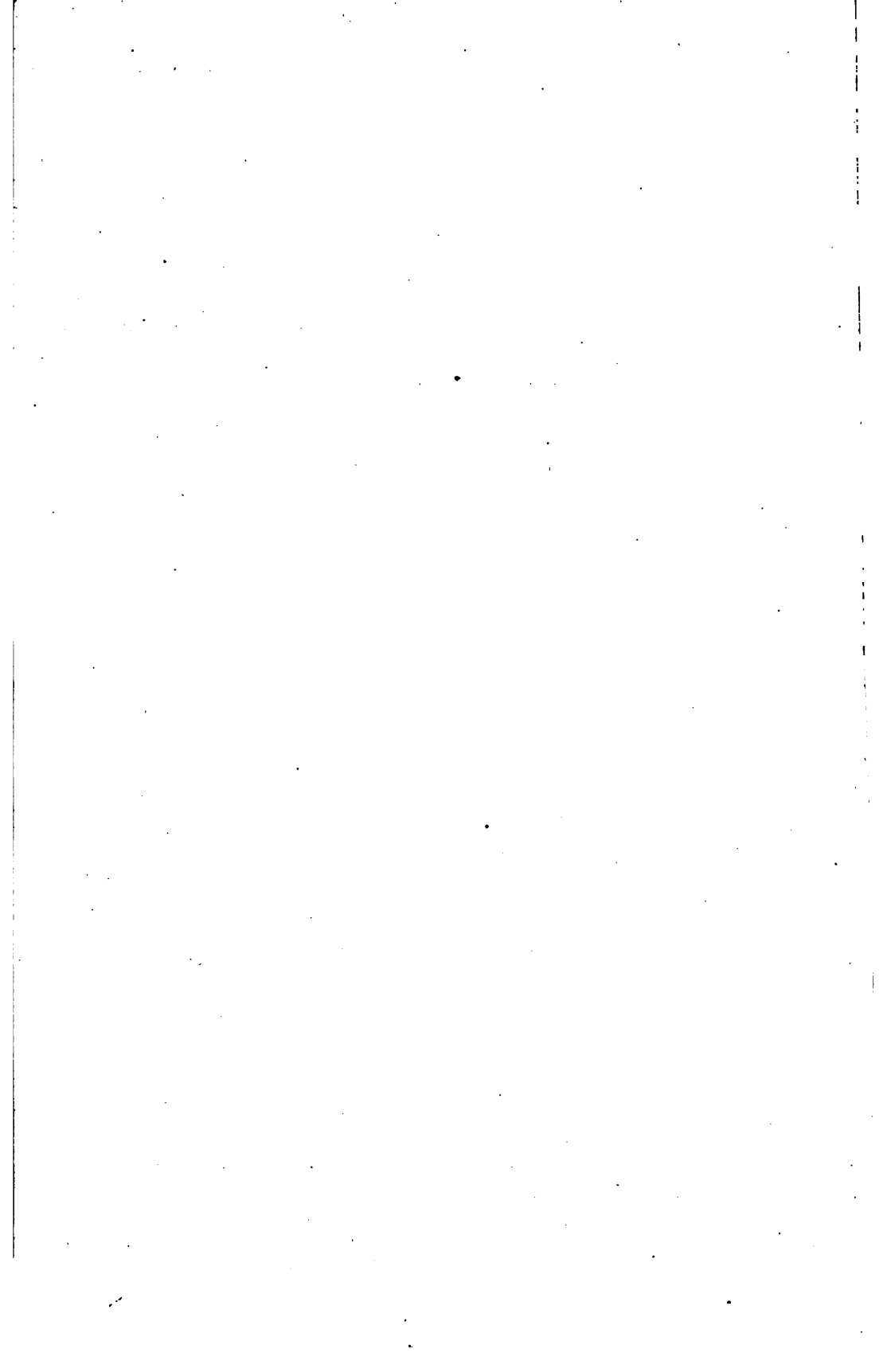
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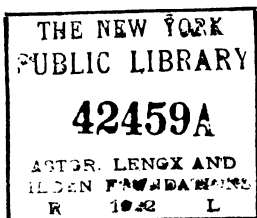
PROCEEDINGS
OF THE
THIRTEENTH REGULAR MEETING
OF THE
FIRE UNDERWRITERS'
ASSOCIATION OF THE NORTHWEST.



CHICAGO, ILL., SEPTEMBER 6 AND 7, 1882.

PRINTED BY ORDER OF THE ASSOCIATION.
1882.

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"Ex fumo dare lucem."—Hor.

THIRTEENTH REGULAR MEETING

— OF THE —

FIRE UNDERWRITERS' ASSOCIATION

OF THE NORTHWEST.

PRESIDENT.

W. B. CORNELL, - - - - - Chicago.
Superintendent North British & Mercantile Ins. Co., England.

VICE PRESIDENT.

J. M. NEWBERGER, - - - - - La Porte, Ind.
Special Agent German-American Ins. Co., N. Y.

SECRETARY AND TREASURER.

GEO. W. HAYES, - - - - - Milwaukee,
General Agent Western Assurance Co., Toronto.

EXECUTIVE COMMITTEE.

ILLINOIS, - - GEO. A. HOLLOWAY, General Adjuster Hartford Fire Ins. Co., Chicago.
MISSOURI, - S. E. WAGGONER, Special Agent N. British & Mercantile, Macon.
OHIO, - - CHAS. E. BLIVEN, General Agent Howard Ins. Co., N. Y., Toledo.
MINNESOTA, - S. S. EATON, General Agent Manhattan Ins. Co., N. Y., St. Paul.
WISCONSIN, - C. W. KIBBEE, Special Agent Connecticut Fire Ins. Co., Janesville.
MICHIGAN, - ROGERS PORTER, Special Agent German-American Ins. Co., N. Y., Chicago.
KENTUCKY, - JOHN P. VANCE, Special Agent Ins. Co. North America, Cincinnati.
INDIANA, - - H. H. WALKER, State Agent Home Ins. Co., N. Y., Indianapolis.
KANSAS, - - F. M. BENEDICT, Special Agent Niagara Ins. Co., N. Y., Lawrence.
NEBRASKA, - H. E. PALMER, State Agent Home Ins. Co., N. Y., Plattsmouth.
IOWA, - - - W. T. CLARKE, Special Agent Franklin Fire Ins. Co., Phila., Des Moines.

AT LARGE.

JASPER M. DRESSER, General Agent National Ins. Co., Hartford, La Fayette, Ind.
E. F. RICE, Adjuster Aetna Insurance Co., - - - Cincinnati, O.
CHARLES H. CASE, Manager Royal, and London and Lancashire, - - - Chicago.

PROGRAMME OF EXERCISES.

CHICAGO, September 6th and 7th, 1882.

Meetings of the Executive Committee at 8 P. M. Sept 6th, 9 A. M. Sept. 6th.—Parlor No. 1.

Opening Session at 10 A. M., September 6th.

Calling the Roll.

Reception of Delegates from Sister Associations.

Report of the Executive Committee.

Report of Secretary and Treasurer Geo. W. Hayes.

Address of President W. B. Cornell.

Appointment of Standing Committees.

Unfinished Business.

INTERMISSION.

ANNUAL ADDRESS, - - - - - COL. CLIFFORD THOMPSON.

DISCUSSION—Upon the topic "What is the best way to recompense agents—by an entire direct commission, or by a part direct and a part contingent commission upon profits?"

DISCUSSION—Upon the topic "How can we most correctly and profitably rate places too small for the 'Managerial' or 'Compact' system—through local boards, our field force, or an independent bureau of experts established for that purpose, or other independent means selected by the companies?"

"TIDINGS FROM THE PACIFIC COAST," - - - - - MR. GEO. D. DORNIN.

DISCUSSION—Upon the topic "What is the best plan for rating—a flat rate based upon inspection, or what is known as the 'Schedule' basis?"

"FIRE DEPARTMENT AND WATER SUPPLY," - - - - - MR. L. D. MOODY.

"THE FIELD vs. THE OFFICE," - - - - - MR. J. G. FINNIE.

EVENING SESSION.

ADDRESS—"Explosive and Dangerous Dusts,"—Illustrated by apparatus

and powerful views, - - - - - PROF. T. W. TOBIN, C. E. PH. D.
Of the Polytechnic Society, Kentucky.

SECOND DAY.

Reports from State Boards.

"UNDERWRITING: ITS OBJECT, CONDITION AND FUTURE," - - - - - MR. W. F. FOX.

DISCUSSION—Upon the topic "How can we best prevent inimical legislation and educate the people up to a true sense of the worthiness and necessity of our profession?"

ISOMETRICAL DRAWING—Twenty Minutes with the Crayon, - - - - - MR. C. C. HINE.

DISCUSSION—Upon the topic "What is the best way to correct public sentiment so that companies may secure even-handed justice from the bench and jury box with other litigants thereat?"

"THE ADJUSTMENT OF FIRE LOSSES," - - - - - MR. JNO. I. COVINGTON.

DISCUSSION—Upon the topic "How can we best meet taxation, general or special, and prevent sumptuary or class legislation against the companies?"

INTERMISSION.

"THE SPECIAL AGENT"—A prosy subject in poetry, - - - - - MR. T. H. SMITH.

Report of Standing Committees.

Report of Committee on Revised Code of By-Laws.

Election of Officers and Executive Committee.

Unfinished Business.

ADJOURNMENT.

PROCEEDINGS

OF THE

*Thirteenth Annual Meeting of The Fire Underwriters' Association
of the Northwest, held at the Grand Pacific Hotel,
Chicago, September 6th and 7th, 1882.*

OPENING SESSION.

CHICAGO, ILL., Sept. 6th, 1882.

The Thirteenth Annual Meeting of the Fire Underwriters' Association of the Northwest convened at the Grand Pacific Hotel, Chicago, September 6th, 1882, at 10:45 A. M.

President W. B. Cornell, of Chicago, Superintendent of the North British and Mercantile Insurance Company, England, in the Chair, and Geo. W. Hayes, of Milwaukee, General Agent of the Western Assurance Company, of Toronto, Secretary.

The roll called by the Secretary, and, supplemented by further arrivals, showed the following members present:

A. J. B. Abbey, Geo. W. Adams, Chas. E. Affeld, D. F. Appel, J. J. Barrett, Chas. H. Barry, E. J. Bassett, J. F. Bates, Ed. P. Beach, J. H. Beattie, W. G. Bentley, J. J. Berne, J. P. Black, I. S. Blackwelder, Chas. E. Bliven, J. Mabbett Brown, M. O. Brown, R. M. Buckman, M. J. Burns, Fred. E. Burt, W. W. Caldwell, R. B. Carson, Eugene Cary, Jas. H. Caswell, Geo. C. Clarke, Charles Comstock, C. F. C. Coombe, W. B. Cornell, W. A. Cormany, John I. Covington, Ralph Crable, A. A. Cratsenberg, R. S. Critchell, W. D. Crooke, J. L. Cunningham, Jas. M. De Camp, Holger De Roode, J. H. De Wolf, John Welsh Dulles, S. S. Eaton, W. G. Ferguson, J. G. Finnie, Theo. Foljambe, W. F. Fox, C. W. Fracker, Morris Franklin, W. R. Freeman, B. W. French, H. A. Glassford, J. C. Griffiths, John H. Griffith, J. B. Hall of Chicago, Geo. W. Hall, John C. Hall, A. J. Harding, Geo. W. Hayes, H. H. Hershey, Edwin Hillyer, H. H. Hobbs, J. L. Holden, C. S. Hollinshead, Geo. A. Holloway, J. M. Hosford, E. A. Hough, S. R. House, John Howley, W. P.

Innes, E. L. Ireton, E. C. Johnson, Wm. L. Jones, R. H. Kerr, C. W. Kibbee, Edwin C. Lewis, H. K. Lindsey, F. W. Little, W. J. Littlejohn, E. W. Lyman, George M. Lyon, C. W. Marshall, J. J. McDonald, G. J. McKnight, L. D. Moody, H. L. Moss, J. M. Newberger, Daniel C. Osmun, T. C. Parsons, Rogers Porter, C. W. Potter, A. P. Redfield, Geo. E. Redfield, Jos. M. Rogers, Geo. S. Roper, H. M. Russell, Walter Scott, Daniel Schultz, Simeon Schupp, R. J. Smith, T. H. Smith, George K. Snider, O. A. Southmayd, A. W. Spalding, Edward Stanberry, J. H. Stevison, H. J. Straight, R. J. Taylor, H. S. Tiffany, J. T. Trezevant, Jr., Thos. Underwood, S. E. Wagoner, H. H. Walker, J. A. Weinland, David W. Wells, F. C. Wheeler, J. M. Whitehead, J. L. Whitlock, A. Williams, Conrad Witkowski, Geo. A. S. Wilson, J. O. Wilson, T. J. Zollars.

The Insurance Press was represented as follows—

H. C. Martin, *Rough Notes*, Indianapolis, Ind.; C. E. Rollins, *Argus*, Chicago; C. C. Hine, *Monitor*, New York; Wm. M. Ransom, *Monitor*, New York; Franklin Webster, *Chronicle*, New York; Walpole Wood, *Weekly Underwriter*, New York; Col. C. Thompson, *Spectator*, New York; C. E. Bowers, *Spectator*, Chicago, Ill.; Dr. I. S. Bloomington, *Investigator*, Chicago, Ill.; A. H. Huling, *Investigator*, Chicago, Ill.; H. S. Aldrich, *St. Louis Review*, St. Louis, Mo.

The Daily Press—

Edgar L. Wakeman, *Courier-Journal*, Louisville, Ky.; H. B. Mitchell, Louisville, Ky.; C. F. Hall, Louisville, Ky.; E. C. George, *Daily News*, Chicago, Ill.; M. A. Kerr, *Daily News*, Chicago, Ill.; H. B. Humphreys, *Chicago Times*, Chicago, Ill.; W. T. Hall, *Chicago Tribune*, Chicago, Ill.; Geo. E. Killen, *Chicago Journal*, Chicago, Ill.; C. M. White, *Metropolitan Press*, Chicago, Ill.

The Local Agents—

C. E. Hosford, Dallas, Texas; J. A. Munn, Ft. Madison, Iowa; C. H. Graham, Indianapolis, Ind.; Henry Coe, Indianapolis, Ind.; J. M. Buford, Rock Island, Ill.; Newton Todd, Indianapolis, Ind.; I. Tarbal, Louisville, Ky.; J. M. Preisendorfer, Defiance, Ohio; Jacob Wolverton, South Bend, Ind.; John J. Jones, Chicago, Ill.; J. H. Moore, Chicago, Ill.; Geo. E. Robbins, Al Hoffman, A. Freeman, P. Knighton, Chas. R. Underwood, Lafayette, Ind.; W. A. Wilkin, Mo.; John Drake, Bay City, Mich.; B. S. French, S. C. West, Milwaukee; J. A. Hawley, Springfield, Ill.; J. Magenson, Sheboygan, Wis.; E. Wilson, Ripon, Wis.; Jas. M. Bishop, Quincy, Ill.; L. A. Wheeler, Milwaukee, Wis.; H. H. Brown, Chicago; H. Darlington, Chicago; W. H. Shipman, Iowa City, Iowa; Frank F. Holmes, H. B. Meyers, Chas. H. Hanaden, D. S. Beach, Marshall, Mich.; O. W. Barrett, Chicago; I. J. Lewis, Chicago; F. D. Gray, Boone, Iowa; W. S. Warren.

Scientific—Members of the Polytechnic Society, Louisville, Ky.—

Bennett H. Young, President; Prof. T. W. Tobin, C. E. Ph. D.; E. A. Grant, M. T. Coones, Rev. H. B. Pratt, R. Buchanan, T. Ballard, H. Hill, J. S. Gray, Ray Rankin, W. G. McMillan, Geo. D. Rumsey, Theo. J. Martin, Jr.

Delegates from other Associations and visitors—

W. R. Lyman, New Orleans, President Crescent Ins. Co.; B. T. Wise, Hannibal, Mo., State Board; Geo. D. Dornin, San. Francisco, Cal.; D. J. DeCamp, New York State Board; H. A. Glassford, New York State Board; C. R. Knowles, Albany, New York State Board; A. F. Harvey, St. Louis, Mo., Ins. Dept. Missouri; Craig, Pittsburg, Pa.; Henry Powles, Newark, N. J., President Merchants' Ins. Co.; Chas. M. Patch, South Bend, Ind.; G. H. Lermitt, London, Eng., Resident Secretary Northern Ins. Co.; D. Beveridge, Chicago, Ill.; Dr. J. M. Boyd, Johnstown, Pa.; A. R. Schmidt, New York, Barlow's Surveys; Geo. W. Hayes, Jr., Milwaukee.

Managers of Local Boards—

W. B. McCord, Minneapolis, Minn.; Henry McDonald, Louisville, Ky.; D. P. Gray, Rockford, Ill.; Geo. W. Hall, St. Paul, Minn.

Clerks and Employes of Insurance Offices—

T. L. Whitehead, Chicago, Imperial, England; E. B. Case, Chicago, Royal, England; J. G. Redfield, Chicago, Citizens, New York; G. P. Guerien, Chicago, Boylston, Boston; W. G. Adkins, Chicago, Niagara, New York; D. W. Redfield, Chicago, National, New York; Wm. Panushka, Chicago, Home, New York.

The Fire Departments were represented as follows—

B. B. Bulwinkle, Superintendent Fire Patrol, Chicago, Ill.; D. I. Swenie, Chief Fire Department, Chicago, Ill.; E. M. Shaw, Chief Fire Brigade, London, Eng.

The President: This is an opportune moment for the reading of the letter just received from the widow of the late A. J. Waters, and an exhibition to the convention of the article accompanying that letter.

The Secretary read the letter as follows:

1719 EUCLID AVE., CLEVELAND, O., Sept. 5th, 1882.

W. B. CORNELL, ESQ., PRESIDENT OF THE FIRE UNDERWRITERS' ASSOCIATION.

Dear Sir: Having received from the Association many kind expressions of sympathy and a beautiful memorial book, showing appreciation of my

late husband, I send you by the hand of Mr. McKnight a bust of Mr. Waters, so that when you meet together annually, his face may still be with you. With kindest regards of his son, daughter and myself, I am,

Respectfully,

MRS. A. J. WATERS.

The President called on Mr. H. K. Lindsey to unveil the bust.

The President: I trust that a committee will be appointed at the proper time to make a suitable response to this gift.

I will call on Mr. Geo. C. Clarke to ascertain whether the Committee on the Reception of Delegates is ready to report. I trust that the members will all rise when the delegates come in, and thus show our appreciation of their presence with us.

The delegates were then ushered into the room and were received, all rising.

Mr. J. M. De Camp: Mr. President and Gentlemen of the Association: I have the pleasure of presenting to you delegates from the Polytechnic Society, of Louisville, Ky.; from the State Association of New York; from the Southern Association, and also a delegation of Underwriters from the Pacific Coast.

The President—

GENTLEMEN: The Fire Underwriters' Association of the Northwest, through me, beg to tender you a cordial welcome to this, our meeting.

We extend to you warm hands and the kindest feelings of our meeting, and beg of you to accept the courtesies of our Board and make yourselves at home. Pray be seated.

In midsummer this Association, through your executive officer, received a most cordial and courteous invitation from the Polytechnic Institution of Kentucky, that at the close of this meeting we should accept their hospitality, free transportation to and from Louisville, and attend a lecture to be delivered by one of their most eminent scientists, on the subject "The Explosive Properties of Fine Dust." This was referred to the Executive Committee, who decided that it was not best for us to accept the invitation, and the same was declined with great regret. At the same time I forwarded to this Society a request that they should, if feasible to make it convenient unto themselves, come here and meet us here, and they have kindly laid us under an additional weight of obligation by agreeing to come, and they are with us to day.

The Polytechnic Society of Kentucky is an institution that has been established for the advancement of the arts and sciences, and is bound to

exert a great and beneficial influence throughout the Southwest; and it is greatly to be lamented that there are not more institutions of a similar character in this portion of the country. We are glad to meet them to-day. We thank them for their presence, and we thank them for the rich dish they bring to our mental feast.

Allow me to introduce to you Capt. Bennett H. Young, President of the Polytechnic Society, from whom we hope to hear.

Mr. Young responding—

GENTLEMEN OF THE ASSOCIATION: I feel that I have been taken at somewhat of an unfair advantage. I did not expect to be called upon to make a speech, and you have placed me in the position of the Irishman. There were three men going to be hung—an Englishman, a Scotchman and an Irishman. The judge who sentenced them to be hanged decided to be as kind and lenient as he could be under the circumstances, and offered that each might choose the tree on which he should be executed. The Englishman, of course, took the oak; the Scotchman chose an ash tree, and the Irishman chose a gooseberry bush. When the judge suggested that a gooseberry bush was hardly strong enough to serve as a gallows, nor large enough, the Irishman observed: "Be jabbers, I'm content to wait until it grows."

Nearly nineteen years ago I passed through this city a ragged rebel soldier, on my way to Camp Douglas. I have seen to-day, and this city shows to-day, a wonderful transformation—a transformation which marks the character of the American people. We are to-day, also, all members of one great Union, doing what we can, in our humble way, to make this country what God has made it—the greatest people and the greatest nation on the face of the earth.

It affords me peculiar pleasure, gentlemen, to stand here as the representative of the Polytechnic Society from Kentucky—the only institution of its kind south of the Ohio River. I don't know whether you have one in Illinois; but it is an institution which devotes itself entirely to the culture and advancement of the sciences, and to-day has for its exponent and for the curator of its scientific department one of the first scientists of this country.

It is with peculiar pleasure that we have acceded to your request to be here to-day, to the invitation of your distinguished President. You would not permit us to offer you the hospitalities of Louisville, but you have honored us and gratified us by listening to this address from our distinguished scientist.

I thank you on behalf of the Polytechnic Society for the cordial and generous welcome which you have accorded it this day.

The President—

GENTLEMEN: Towards the Association of the South we can but have the kindest feelings. It is truly a sister Association. Many members that

belong to your Association belong to this, and many that belong to this belong to that. It was my pleasure at one time to be a member of the Southern Association until I was transferred to north of the Ohio River, and the memory of my meetings with these gentlemen is fresh with me to-day. Courteous, cordial, genial, I never shall forget their treatment of me.

And another thing that I brought away, and have never forgotten: That for the number in their Association, I never knew such a proportion of able, ready, effective debaters. I am certain of this one thing, gentlemen, that if the Southern Association has not achieved success, it will achieve it; and I trust to see the time yet to come when the South will be dotted all over with good, effective State Boards like that which has just been formed in Texas.

We are glad to meet our friends from the South, and I call upon Mr. William R. Lyman, President of the Crescent Insurance Company of New Orleans, to respond.

Mr. Lyman responding—

GENTLEMEN: I have been taken by surprise a good many times, but I am thinking never more so than in this call to respond to the proposition of your President for the Association of the South.

I have ever looked to the West as the most progressive in thought and action, of all bodies formed among underwriters, and it is with greater pleasure that I read the Proceedings of the Northwestern Association than that of any other body formed in the country. You are free from many of the causes which militate against harmonious action in the East. Your ideas are fresher, and to us, who read the Insurance Press, it is always a matter of peculiar gratification to get hold of the papers of your Northwestern Association. My object in coming here at this meeting was to meet the Underwriters of the Northwest, more or less familiar with Eastern faces—more or less familiar with their objects there. I have never attended a meeting of the Northwestern Association. I came here to listen, not to talk; to sit at your feet and learn of you.

I thank your President for his allusions to our Southwestern field. We have been hard at work, and, as was expressed at Dallas in our meeting there, it has been the beaver's work under the log; but we haven't moved the log very far as yet. But I think there are signs of promise in our Southern field. The Association which was formed at Gainsville, in Georgia, last month, certainly promised good results. The one at Dallas (the president of it is present with you) promised good results in that field; and we are getting into line in the South, I hope, with more profitable results to the companies interested in that field.

I thank you, gentlemen, for this mark of your respect and esteem.

The President—

We have with us to-day delegates from an Association that is no stranger to us—the New York State Association. They have often sent delegates to

our meetings, and have often spoken upon our floor, and we have learned a good deal from them.

It was my great pleasure, in common with two other gentlemen, to attend their Decennial meeting. We found no bars up; no attempt at exclusion; but, on the contrary, we were cordially and hospitably received. The New York State Board we found to be composed of a larger number than I expected to meet, of able, efficient and ready workers. Their hands were strong and their hearts were willing, but still the work halted. Josh Billings once wrote an "Ode to the Flag," and he said he gained his inspiration by touching it now and then. I think the metropolitan influences are touched a little too often by our friends of the New York State Board. When I was last there, a good deal of work had been blocked out, and I trust it has been going forward.

I call on the Manager of the Insurance Company of North America, Mr. Knowles.

Mr. C. R. Knowles—

MR. PRESIDENT AND GENTLEMEN OF THE NORTHWEST: As your honored President has very well suggested, at the last meeting of our State Board we were honored with the presence of your worthy President and his assistants, Messrs. Bliven and De Camp. It was remarked at the close of the convention that the session was one of the most successful and profitable ever held in the State, and as we analyzed the causes of it we were not at a loss to find out wherein it consisted, and I but speak the sentiments of every man of our Association when I say that it was because of the influence and wise counsel, the wholesome suggestions received from the representatives of this Association; and as an earnest of our appreciation, our Association delegated its President and two of its most valuable assistants and members to be here to-day to meet with you, and to receive those further instructions and suggestions which shall aid us in the good work we are engaged in in the East. And, gentlemen of the Northwest, though we come among you now—to some of you, at least, as strangers, looking for the first time into your faces, and for the first time grasping your hand in fellowship—we do not come as strangers. The companies we represent in the East are the same; our capital is entrusted to you of the West, and we have a common interest: we are both endeavoring to remedy wrong and provide such measures and adopt such methods as will insure greater success for the present and for the future. And it is in this spirit that we come, and just in this spirit we accept your cordial greeting and your warm hospitality; and it is in this spirit that we ask you to permit us to sit in your counsels and receive those instructions which will aid us in doing the work we have in hand in the East. No, gentlemen, no state boundaries, no ocean is wide enough to separate us from this common fellowship and this broad brotherhood. We welcome in this city here English companies, and they become Americanized and are admitted to

our fellowship, and they join in our general work; and I am thankful to say that no Mason and Dixon line to-day separates me from my brother of the South, and as one who wore the Union blue I can to-day extend my hand to him who wore the Confederate gray, and in that bond of fellowship and of brotherly love together engage in a common cause. Gentlemen, we may again thank God that we serve under one national ensign, and that the past is buried in the forever past.

And now, gentlemen, I congratulate you, as I have had occasion to congratulate our late State Association, that there is developed in these gatherings and in these conventions that social, fraternal spirit and element which is a sure presage of success in our work. And as no chain is stronger than any link within it, so allow me, in the spirit of kindness, to suggest that we endeavor to weld each link in this chain in the red-hot fire of fraternal love, of social spirit and of kindly sentiment.

Mr. President and gentlemen, again thanking you for your cordial welcome, I retire, without occupying any longer the valuable time of this Association.

The President—

We have with us here, to-day, a delegation from the Association of the Pacific Coast—an Association that has been with us for these many years in every good work. They have reached their hands across the Rocky Mountains and clasped ours in fraternal friendship, and they have sent to our various meetings kindly messages of congratulation and good wishes, and have been with us and done the good work in the same way and direction we have been operating in, and we certainly feel very kindly towards them. We are glad to meet them. I call on Mr. Dornin, the Manager of the Lion Insurance Company of San Francisco.

Mr. Dornin—

GENTLEMEN OF THE ASSOCIATION: While I feel honored by being called upon to respond to the glowing tribute your President has just paid to our Association, still I must say that I wish he had adhered more closely to the programme. I find my name pretty well down along in the line, and that fact will give me an opportunity to become familiar with the talk and with the surroundings, and I will have very much less difficulty in getting on, especially if I adhere to the task which has been given me.

As an adjuster and special agent many years ago, I always felt called upon to respond to the orders of the Manager, however much discomfort might be involved; and with the same idea I respond to the invitation of your President, and thank you for your reception in behalf of the Association of the Pacific Coast. I had hoped that they would be better represented, one or two other members of the Association being on this side of the Rocky Mountains; but so far as my feeble efforts can go, they will be repre-

sented here. I can only hope that at some time we may have an opportunity to receive you there, and give you as cordial a welcome as you are disposed to give us here.

At this juncture Mr. Newberger introduced to the President of the convention Capt. Eyre M. Shaw, Chief of the London Fire Brigade, and Fire Marshal Swenie, of the City of Chicago.

The President, having tendered the welcome of the Association, invited the gentlemen to take a seat on the floor of the meeting and take part in the proceedings of the convention.

The President—

GENTLEMEN: We have with us here, to-day, Capt. Eyre M. Shaw, Chief of the Fire Brigade of the City of London, England, who has control and charge of the largest fire brigade in the civilized world. Capt. Shaw came here, if I remember aright, some eleven years ago, and is visiting this country again, and, of course, must take in Chicago. If he expected to find many ruins of the fire of 1871, we hope that he is happily disappointed, for in 1872 we sowed the seed very plentifully, and 1873 brought in a most excellent crop of buildings. I know you will be glad to be introduced to him and hear from him.

Gentlemen, I take pleasure in introducing you to Capt. Eyre M. Shaw.

Capt. Shaw, who, on rising, was received with applause, said—

MR. PRESIDENT AND GENTLEMEN: I am extremely flattered by the very kind reception which you have given me on this occasion. I have come to Chicago with the greatest possible interest in the proceedings in which you are now engaged. I have not yet had opportunity of hearing how far you have got with them, but I presume you have not got very far; and as I only arrived an hour ago in Chicago, I shall hardly be expected to say very much on this occasion; but I shall be very happy to join in any part of the discussion as you get on.

I am extremely obliged to you for the kind reception you have given me.

The President—

We have with us the Fire Marshal of the City of Chicago, a gentleman who has been very successful in putting out fires; so much so, it seems as though he had obtained a patent injunction on the process.

Mr. Swenie—

MR. PRESIDENT AND GENTLEMEN OF THE ASSOCIATION: I am glad to meet with you all here this morning, and I will be happy to join with you in your

deliberations. I know there are a good many defects in our building laws and others that you can remedy. You can apply a remedy in the right direction; and by your assisting us in that way you can render great assistance to us. There has been some talk of there being a little exhibition here for the Governor-General of Canada and the Princess Louise; at what time I cannot say yet, but should I have time, I should be very happy to invite you to see the exhibition of the department.

Thanking you, gentlemen, for your kind reception, I will now conclude.

The President: I will say to Capt. Shaw that we have a printed programme of exercises, and I think they may be of interest to him. We hope that he will be present during these exercises. We invite the Captain to take part in our deliberations, and shall always be glad to hear from him.

The Secretary will now read the report of the Executive Committee.

REPORT OF THE EXECUTIVE COMMITTEE.

CHICAGO, September 6, 1882.

Meeting of the Executive Committee, held at 8 P. M., Tuesday, Sept. 5, 1882, and 9 A. M., Sept. 6, in Parlor No. 1, Grand Pacific Hotel, Chicago, Ill.

Present: W. B. Cornell, Chairman; Geo. W. Hayes, Secretary; C. E. Bliven, Geo. A. Halloway, S. S. Eaton, H. H. Walker, S. E. Waggoner, J. M. Newberger.

The meeting was called to order by the Chairman, who submitted his report as chairman of the committee appointed to procure the Baker Prize Medal for Mr. J. T. Dargan; also submitting therewith a letter from Mr. Dargan acknowledging receipt of medal.

On motion the report was received and the committee discharged.

The bill of H. K. Lindsey, for expenses as delegate to the Association of the South, was audited and approved.

On motion Mr. Geo. W. Adams and Mr. Geo. W. Hall were designated as door-keepers.

It was moved and voted that the Chairman appoint a committee to receive the visiting delegates. The Chairman appointed as such committee Messrs. R. J. Smith, J. M. Newberger, J. M. De Camp, S. S. Eaton, John G. Finnie and J. J. Barrett.

The following names were then submitted for membership:

Armstrong, Geo. A.,	Des Moines, Ia.,	Special Agent,	Underwriters' Agency of N. Y.
Burch, H. F.,	Big Rapids, Mich.,	Special Agent,	Fire Assoc'n and American, Pa.
Briggs, Theo. W.,	Appleton, Wis.,	Special Agent,	Fire Assoc'n and American, Pa.
Bayley, J. W.,	Louisville, Ky.,	Special Agent,	Fire Assoc'n and American, Pa.
Bacon, F. A.,	Chicago, Ill.,	General Adjuster.	
Clark, J. J.,	Detroit, Mich.,	Secretary,	Detroit F. and M. Ins. Co.
Coon, Levi,	Quincy, Ill.,	Special Agent,	{ Clinton, N. Y.
Chapman, E. F.,	Chicago, Ill.,	Special Agent,	{ Providence-Washington.
Cooke, Geo. H.,	Indianapolis, Ind.,	Special Agent,	{ Queen Ins. Co.
Cunningham, W. H.	Chicago, Ill.,	General Agent,	{ Fire Assoc'n, London and Lan.
Cunninghame, A. M.	Louisville, Ky.,	General Agent,	{ and Royal.
Cramer, A. J.,	Milwaukee, Wis.,	Secretary,	{ Fire Assoc'n and American, Pa.
Daggett, P. A.,	Muscoda, Wis.,	Special Agent,	{ Scottish Union and National
Daniel, T. R.,	Oshkosh, Wis.,	Special Agent,	{ and Lion, England.
Dean, Thos. L.,	Indianapolis, Ind.,	Special Agent,	{ Mil. Mechanics Mutual.
Dean, A. F.,	Chicago, Ill.,	Special Agent,	{ Home, N. Y.
Devin, D. T.,	Chicago, Ill.,	Special Agent,	{ N. B. and M., Eng.
Fox, L. H.,	Detroit, Mich.,	State Agent,	{ Springfield F. and M.
Glidden, H. H.,	Detroit, Mich.,	Special Agent,	{ Springfield F. and M.
Gray, D. P.,	Rockford, Ill.,	Manager,	{ Glens' Falls Ins. Co.
Graham, Jas. E.,	Fort Wayne, Ind.,	Special Agent,	{ Ins. Co. N. America.
Garnsey, D. G.,	Grand Rapids, Mich.,	General Adjuster.	{ Pennsylvania Fire.
Hough, Judson J.,	Maroa, Ill.,	Special Agent,	{ N. B. and M., Eng.
Haywood, P. P.,	Chicago, Ill.,	Asst Gen. Agt.,	{ Rockford Local Board.
Holt, W. P.,	Chicago, Ill.,	Special Agent,	{ Howard, N. Y.
Hildreth, L. E.,	Chicago, Ill.,	Special Agent,	{ N. W. National, Milwaukee.
Iott, Lewis,	Chicago, Ill.,	Special Agent,	{ Hartford Fire Ins. Co.
Jones, James A.,	Detroit, Mich.,	General Agent,	{ N. Y. Alliance.
Kerr, Wm. R.,	Chicago, Ill.,	General Agent,	{ Hartford Fire Ins. Co.
Lawson, Henry L.,	Oshkosh, Wis.,	Special Agent,	{ London Assurance, Eng.
Lee, J. O.,	Chicago, Ill.,	Special Agent,	{ Western Assurance, Ont.
Leavitt, C. F.,	Springfield, Mo.,	Special Agent,	{ Sun Ins. Co., England.
Lyman, W. F.,	New Orleans, La.,	President,	{ Western Assurance, Ont.
Lawrence, Milo E.,	Indianapolis, Ind.,	Special Agent,	{ London Assurance, Eng.
Main, A. H.,	Madison, Wis.,	Special Agent,	{ N. B. and M., Eng.
Merriam, S. A.,	Kansas City, Mo.,	Special Agent,	{ Crescent Ins. Co.
Marshall, J. F.,	Chicago, Ill.,	Special Agent,	{ Firemen's Fund, Cal.
Milligan, Jas. G.,	Minneapolis, Minn.,	Special Agent,	{ Union, Cal.
Miller, Jas. A.,	Chicago, Ill.,	Special Agent,	{ German-American, N. Y.
McCord, W. B.,	Minneapolis, Minn.,	Manager,	{ St. Paul F. and M.
Moore, Geo. H.,	Detroit, Mich.,	Special Agent,	{ N. Y. Alliance.
Munson, E. A.,	Indianapolis, Ind.,	Special Agent,	{ Clinton, N. Y.
McCurdy, Robt.,	Madison, Wis.,	Special Agent,	{ Providence-Washington.
Noyes, W. A.,	St. Louis, Mo.,	Special Agent,	{ New Orleans Ins. Co.
Norbeck, C. E.,	La Crosse, Wis.,	Special Agent,	{ Local Board.
Ostrander, D.,	Milwaukee, Wis.,	General Adjuster.	{ Manhattan Ins. Co., N. Y.
Preston, E. C.,	Detroit, Mich.,	Secretary,	{ Franklin Ins. Co., Ind.
Plank, P. W.,	Champaign, Ill.,	Special Agent,	{ Hekla Ins. Co., Wis.
Raymond, M. H. N.,	Grand Rapids, Mich.,	Special Agent,	{ Mercantile Marine, Boston.
Reger, Geo. F.,	Philadelphia, Pa.,	Manager,	{ American, Boston.
Reed, W. A.,	Berea, Ohio,	Special Agent,	{ Niagara, N. Y.
Reed, Wm.,	Chicago, Ill.,	General Adjuster.	{ Phenix, N. Y.
Robertson, E. P.,	Albion, Mich.,	Special Agent,	{ Michigan F. and M.
Salomon, L. H.,	Chicago, Ill.,	Special Agent,	{ Home, N. Y.
Simonds, E. A.,	Chicago, Ill.,	General Agent,	{ Star, N. Y.
Seiders, W. H.,	Indianapolis, Ind.,	State Agent,	{ Franklin Fire.
Stuart, H. C.,	Lincoln, Neb.,	Special Agent,	{ Continental.
Sweeney, Anthony,	Denver, Col.,	Special Agent,	{ Glens' Falls Ins. Co.
Theobald, G. F.,	Louisville, Ky.,	Special Agent,	{ North-German, Hamburg.
Trembor, Wm.,	Freeport, Ill.,	Assistant Secretary,	{ Metropole, Paris.
Tillinghast, J. R.,	Chicago, Ill.,	Associate Gen. Agt.,	{ Ins. Co. N. America.
Vall, H. S.,	Chicago, Ill.,	Actuary,	{ Pennsylvania Fire.
VanAnden, C. A.,	Bloomington, Ill.,	Special Agent,	{ City of London.
Virgin, C. R.,	Fairbury, Ill.,	Special Agent,	{ Metropole, Paris.
Van Voorhis, Frank	Chicago, Ill.,	General Agent,	{ Fire Assoc'n and American, Pa.
Walker, Ben. F.,	Springfield, Ill.,	Special Agent,	{ Glens' Falls Ins. Co.
Wagner, D. S.,	Des Moines, Ia.,	Special Agent,	{ German Ins. Co., Freeport.
Waldron, A.,	Chicago, Ill.,	Special Agent,	{ R. I. Und. Assoc'n.
Washington, H. B.,	Chicago, Ill.,	Special Agent,	{ Auditor's Dept., Ill.
Wheelock, J. D.,	Hartford, Wis.,	Special Agent,	{ Niagara, N. Y.
Wallace, J. M.,	Dayton, Ohio,	Special Agent,	{ British America, Can.
			{ British America, Can.
			{ Ins. Co. N. A.
			{ Pennsylvania Fire.
			{ Imperial and Northern.
			{ Glens' Falls, N. Y.
			{ Hamburg-Bremen Fire Ins. Co.
			{ Glens' Falls, N. Y.
			{ Fire Ins. Assoc'n, London.

Mr. Newberger moved that the names presented be recommended by the Executive Committee for membership in the Association. Adopted.

The report of the Treasurer was submitted and referred, by motion, to Mr. H. H. Walker, as an Auditing Committee, who made the following endorsement as his report:

I have examined the above and accompanying vouchers, and find the same correct.

H. H. WALKER, *Finance Committee.*

It was moved that the Secretary, Geo. W. Hayes, be allowed \$200 for his services as Secretary and Treasurer during the past year.

The motion was adopted.

The membership dues for the present year were fixed at five dollars.

On motion the Committee adjourned, subject to call of the President.

W. B. CORNELL, *Chairman.*

GEO. W. HAYES, *Secretary.*

By motion the report of the Executive Committee was received and adopted, and the gentlemen named declared duly elected to membership in the Association.

The President: The report of the Secretary and Treasurer will now be read.

REPORT OF THE SECRETARY AND TREASURER.

MR. PRESIDENT AND GENTLEMEN OF THE ASSOCIATION:

I have the honor herewith to present my fifth report as Secretary of this Association, comprising the Proceedings of the Twelfth Annual Meeting. The reports were sent to members by express this year at only a nominal advance on the cost by mail. This plan was preferred as being equally expeditious and more sure of delivery in good order. Copies not delivered were returned, thus enabling us to know certainly that every member entitled to a report was duly supplied.

We have on hand reports of preceding years, as follows:

Of the first, second and third meetings,	20
1874, - - - - -	0
1875, - - - - -	13
1876, - - - - -	0
1877, - - - - -	46
1878, - - - - -	55
1879, - - - - -	289
1880, - - - - -	112
1881, - - - - -	98
Contribution in Fire Losses—Rice, -	117
Fire Hazards in Saw Mills—Cornell,	149

Extra numbers of Proceedings of 1874 and 1876 are in great demand, to complete sets lacking only these; and members having such will confer a

favor by sending the same to the Secretary. My report as Treasurer, as audited by the Executive Committee, shows :

Total receipts for 1881,	- - - - -	\$1,115 96
Total disbursements,	- - - - -	1,122 87
Balance due Treasurer,	- - - - -	<u>\$6 91</u>

[This bal. \$6.91, was paid by collections during the day on account of last year.—SEC.]

Our arrangements have been made with the printers to expedite the issuance of Proceedings this year, and some of the papers that will be read here at this meeting are already in type for our reports.

With hearty thanks to the members for their encouraging words and kindly assistance, always promptly rendered, I beg herewith to submit my report.

GEO. W. HAYES,

Secretary and Treasurer.

The President: The next thing in order is the Address of the President. The Vice-President will please take the chair.

I saw in a morning paper, last week, that I was absent from my office—locked up in the library, presumably getting up an address. That is untrue. I never was locked up in my life. The fact was, I was on a sick-bed ; I am afraid the address is a pretty long one, and I guess you will wish it had been a death-bed.

PRESIDENT'S ADDRESS.

GENTLEMEN OF THE NORTHWESTERN ASSOCIATION, DELEGATES FROM SISTER ASSOCIATIONS, STATE BOARDS, AND FRIENDS:

As executive of this Association, it is my pleasant duty to welcome you all to this, our Thirteenth Annual Meeting. You must feel that "it is good to be here," for it is expressed by your generous attendance, and your faces wear happy smiles and your voices have a cheery ring. The results of the business for the past few years generally, and the first half of 1882 especially, have not added much to our enjoyment as business men; but they have increased our interest in this Association, and our desire to be present at its meetings and take counsel together as to what shall be done.

I have often heard of the hard lot of special, state and adjusting agents, and during an extended apprenticeship thereof myself, have at times felt that "the special agent's lot is not a happy one;" but, taking it all in all, I firmly believe that there is not a position in our business more enviable than that of a state or special agent having state jurisdiction—possessing a compact field with good agents and agencies. I know that they are compelled to "assist" at many a steamboat explosion and railway smash-up; that they are often "put out" at "third base" by many an annoying telegram; but I also

know that they make many a "home run," and that to them home is doubly delightful because of enforced absence. Payne never could have sung in such pathos of "Home," had he not been a homeless wanderer.

Although the position has this grievous drawback, it has numerous advantages none other has. It gives a man a chance to travel, and makes him a citizen of the world. It brings him in contact with all manner and kinds of men, and makes him a student of character and his kind. It permits him to form extended and valuable acquaintances that are mutual, and terminable only with death. It gives him that "variety" that is not only "the spice of life," but the educator and finisher of a catholic, broad-gauged man. Gentlemen, ye that are state and special agents, "Eat, drink and be merry, for to-morrow ye"—*may be promoted*. Larger fields would bring greater responsibilities and cares, make greater demands upon your time and thought, and strive as you might and work as you would, you could never have that perfect knowledge that you now have of your agents, your business and your field when it becomes broadened into a "department" and you are placed over territory, men and risks not personally known to you, and that could not become so in years, from the nature of things.

Our Association has been one of continued growth in numbers and influence. Born before the Chicago fire, it has maintained its steady growth, notwithstanding the retirement of many companies on account of that and the Boston conflagration, as well as other causes, and the consequent necessity of a number of these members seeking employment elsewhere and losing their right to membership here. We now number 247 members, and have many new names to present for election. No similar insurance organization equals it in size, prosperity and future promise. It has had its seasons when its bark came near dangerous rocks, but the knowledge of its members that they existed, and the wisdom of its pilots how to avoid them, has happily and securely brought it safely through every danger. At no time has the Association been more seriously threatened than in 1872, when the National Board sought to divide it into two bodies—separate those who had learned to respect and esteem each other so much that they could not entertain the thought that the future as to the entirety of the Association was to be made up only of memories of the past. The proceedings of that memorable meeting and the two reports upon the subject and debates thereunder, give a faint idea of the ability and warmth of the discussion, and make one feel, who was not present thereat, that he missed a great opportunity of placing himself where he could exclaim, "I, too, belonged to the old guard."

The subject of our having no legislative powers over rates or rules has caused a few temporary dissensions, and many have asked, "What are we here for?" but the superior wisdom of a large majority has always asserted itself, until, at this time, all are in accord with our constitution and the spirit of our organization. This Association has come to believe that its one

mission is the producing of harmony and the correction of unsound practices, by creating a powerful *united* opinion among a large body of intelligent underwriters; and that, though not possessing power to enact as to rates, that the *united* work of its large membership in the field will accomplish more in this direction, and has done so through the free co-operation of its members, than it could have done in any other way.

By its wise action this Association has increased in number and power, until to-day, in influence throughout its field, it stands first. We enjoy this superior advantage: the most of us are brought into *direct* contact with local agents; have the stronger hold upon them; have the work to do, and as our aims are in the true interest of the companies and approved by them, the most of our number are exerting the entire powers of our companies in the direction, and by the methods born, discussed and adopted here.

It is much to be regretted that every managing officer of every company is not a member, either active or otherwise. Their presence and support would be valuable to us; but if only with us in spirit, their names upon our roll would be encouraging and strengthening. The few of the managing officers that have met with us and given us the benefit of their wisdom have done us a world of good, and, I *trust*, themselves no harm.

Many of those not with us in person are so in spirit this day. Early in the summer I addressed an invitation to a large number of companies soliciting the attendance of their officers, or in default of that, their field force. The answers were encouraging and approving of this body and its work—all that we could wish—and they will be filed with our archives.

"What has this Association done?" has often been asked. I reply, it has furnished the best practical training-school for underwriters that exists. It has not only been a normal but a *high* school, and one whose certificate would be a credit to any underwriter. It has made a large body of men acquainted with each other in a way that begets mutual esteem and confidence. It has harmonized conflicting views and given such unified views power, because they are accepted and carried out by the whole. It has softened asperities, that any business will engender, and cultivated the amenities. It has engrafted upon the too frequent "*Alpha and Omega*" instruction, "*get business*"—get it *understandingly, fairly*, and upon a *correct basis*. It has taught its members not only respect for each other, but also for the companies they represent. It has inculcated the doctrine that no company can be built up by tearing down another; that any company, however small, that is what it pretends to be, and is conservative and sound in its practices, is entitled to respect and good wishes not only on this floor, but in the greater amphitheatre of the field; that the failure of any company is to be regretted as harmful to the general confidence in the business. It has given to the business some of the best thought and to its literature some of the best contributions of the age. Lastly, it has done a wondrous work in elevating insurance from a trade to a profession. All honor to the charter

members of this Association—"they builded well" and "wiser than they knew." Their work will long outlive the workers, but not the remembrance of them.

OUR NEEDS.

A committee was appointed at our last meeting to frame a code of by-laws suitable to our Association as incorporated. They will report to you in due season, and, I trust, will suggest an *honorary* list upon which can be placed, by the usual consent, the names of all those who were once members, but who, owing to temporary or possibly permanent disability from non-jurisdiction or non-employment, are not eligible to membership. It is due to them who have borne their share of the heat and burden of the day, and we owe it to ourselves, that we in some such way preserve their names upon our roll and secure their continued attendance at our meetings. On this list should be placed the eminent men who have in time past, or may in the future address us, whether the same are directly engaged in the business with us or not. I bespeak your favorable attention hereon.

The same committee were instructed at your last meeting to prepare an "appeal" to the fraternity generally, asking for donations of books, periodicals, etc., etc., for our library. The committee issued the same, and the Secretary gave the appeal wide circulation among companies, insurance press, insurance departments—our friends everywhere. Pursuant thereto, we have received the following donations from the following named persons:

Valuable Books—From *The Investigator*, *The Insurance Critic*, *The Spectator*, *The Argus*, S. S. Coe, C. W. Marshall, J. Griswold; Hon. John W. Brooks, Insurance Commissioner of Connecticut; Hon. L. C. Norman, Insurance Commissioner of Kentucky.

Periodicals and Valuable Papers—From *The Weekly Star*, of Philadelphia; Judge A. C. Blodget; *The Insurance World*, of Pittsburg; *The Review*, of London, England; *The Review*, of New York; *The Commercial Bulletin*, of New York; *The Weekly Underwriter*, of New York; *The Baltimore Underwriter*, *The American Exchange and Review*, Philadelphia; *The N. Y. Daily Commercial Bulletin*; I. S. Blackwelder, a collection of both books and periodicals.

In Money—\$250 from J. M. De Camp, the same being his prize-money of last year, which is generously donated toward establishing the Library and Permanent Room of the Association. It needs no suggestion of mine that a proper acknowledgment on the part of the Association be made to these donors and placed upon record.

We need a permanent Library and Reading-Room and Insurance Exchange. The books, etc., we now have are few in number, but their value is great in that they are the *beginning* of what will surely become a large, interesting and useful collection. We must have the *place* first—the rest will follow.

Numerous requests are annually being made for back numbers of our Proceedings, and they cannot be complied with. We have tendered to those who request it, when they make their donations to our library, an

"exchange" of such of our Proceedings as we have, but we cannot do so beyond the past two years. I respectfully suggest that a canvass be made by a committee as to the number of members who desire a reprint of our first ten years' Proceedings, the same to be in two volumes. To the number desired should be added a few extras for "exchanges" with those who donate to our library any extensive and complete work. Should the number wanted be sufficient to bring the price down to a satisfactory figure, the work could go on; otherwise dropped.

A request has been made by our Secretary for the pictures of our ex-officers and deceased members. The same has been complied with to the extent that you now see before you. I trust we may soon be in possession of them all. They are to be the property of the Association, and to be hung in our permanent quarters when secured.

I respectfully suggest that at this meeting a committee of five be appointed, to be called the "Library Committee," who shall be instructed to act in the matters of: *securing a room; further prosecuting our appeal for donations; reprinting our Proceedings; securing all the pictures of our ex-officers and deceased members we yet lack, and taking charge of and using the generous money donations we now have or may hereafter receive*, the committee to report at our next meeting.

OBITUARY.

No constitution that we can adopt, or by-laws enact, will prevent the flight of the years or the coming of death. Through a kind Providence our memorial pages have been comparatively few when we consider our number, the dangers and exposures incident to our calling and the combined heavy strain it lays upon nerve and fibre of mind and body. We cannot always expect to escape thus lightly. The snow that fell during the past few winters among the hairs of many of our heads, no summer's sun or earthly alchemy can ever melt away or dispel. It is a singular fact that a large proportion of us are nearly of the same age, and we must expect very soon that more than two by two will be called to go out each year from the finite here to the infinite hereafter.

Capt. Wm. Ashworth, late General Agent of the British America Insurance Co., an old warm friend of this Association, died at Chicago, Ill., July 6, 1882, after a long, lingering illness, aged 54 years. He bore his sufferings meekly and died a Christian. He began at the bottom of the ladder, and won every successive position he held in our business, by unceasing labor and untiring energy. He was faithful to every interest intrusted to him, and entirely devoted to his business. Early in the late war he entered the army and remained there until forced to retire by the disease that claimed him as its own at last. Returning, he took up his life-work, and remained at his post long after many would and he should have surrendered. He was a peculiar man in some respects, but, knowing him well and having the pleasure of his confidence, I am satisfied that his peculiarities arose more

from a diseased system and shattered nerves than anything in his natural make-up and character. At heart he was kind, liberal and sympathetic. He was a kind husband, a loving father, a good citizen and an exemplary man. I trust you will accord to his memory and family the usual committee to express our sense of his loss.

Joseph S. Harris died at Cincinnati, Ohio, Dec. 15, 1881, after one of the most determined and heroic struggles for life, aged 41 years. At the time of his death he was the trusted General Agent for the West of the Metropole Insurance Co., of France. The history of his younger days, and how he became connected with our business, is a record of determination to succeed that any man in the vigor of health might be justly proud of. He did succeed, and that, too, in the face of obstacles that would have deterred others from further pursuit of anything but restored health. He was a genial companion, a true friend, a perfect gentleman and an honest man. His health prevented him for years from taking the active part in our meetings he would otherwise have done, but he was ever responsive in everything that would aid the Association. I know you will take a sad pleasure in moving a committee to prepare resolutions expressive of our great loss.

The death of these brothers presents a few peculiar coincidences. Both joined this Association the same year (1873). Both followed insurance as a profession for about the same time. Both died of consumption after many patient years of suffering—uncomplaining to the last. Both have left us many pleasant memories to cherish. Their pictures above our platform to-day, draped in mourning, and these memories, are all that we have of them now. As land and water constitute the earth, so life and death (eternity) make up the existence of the soul—each are a necessity to and a part of the other. I have stood by the ocean's shore and seen a wave, farther reaching than the rest, sweep away into its fathomless depths the driftwood that had been accumulating for years, but it left high up on the beach many a beautiful shell and pearly treasure in exchange therefor. Oh! thou ocean of eternity, when thy billows shall sweep the driftwood of our earthly tabernacles from the shores of time, may they leave in their stead as beautiful shells of memory and pearls of patient gentleness, as come back to us from these dead brothers who have "just gone before."

OUR PROGRAMME,

I trust, is pleasing; your attendance attests it. Favorable mention has been made of it at every point. Following a suggestion made by a valued member at our Eighth Meeting, but never before acted upon, we have secured two eminent scientists to address us upon very important topics. They have freely and cheerfully given us their time and thought, and the facts and conclusions they have come to and present to us, will be of great value, not only to our membership, but the whole fraternity. I suggest that these scientific lectures be made a regular feature of our meetings, and that hereafter not only the

entire expenses of the lecturers be paid, but that a medal or some other proper recognition of their high attainment be given them. For our next meeting I suggest the subject of "Spontaneous Combustion," and that it be given to the best scientist in the land and at an early day, so that he may have ample time for research and experiment. It is an important subject, easy of illustration, and one that will interest us all, and when the lecture is in print, will prove invaluable to our agents, and it is through them that the insuring public must largely be instructed. In this connection, I suggest that we ask of the officers and managers contributions to a scientific course. I believe they will cheerfully give. It will interest them in our Association, and when they read the papers they have aided in having prepared, they will have the double pleasure of information and that they had a part in it. In view of this, would it not be well to invite the managing officers of fire insurance companies in Chicago to attend in a body and hear our annual and the two scientific addresses? I further suggest that our next annual address be given by a member of this Association, to be selected by the Executive Committee. Such a distinction as this would be highly prized, and would prove a great incentive to our members for thought, effort and *activity* that they might win the distinguished honor of the selection. It is worth the trial. We have no prize essays this year. The general voice was for discussions. I have done a little re-insurance upon the risk of "the voice," as you will have observed. I presume it will be a pleasure to many of those who have kindly prepared papers, to have "leave to print," *provided* the time will be needed and well occupied by the members in discussing the topics presented. These topics are practical and familiar, and each of us should already have decided views thereon, and be ready and willing to express them at the proper time. Do not let our meeting lag one moment, but push our work from the opening. Each second of these two days is worth more than gold. Discussion is on trial, and the verdict is with you whether we are a deliberative body or not. There is no doubt in my own mind as to the outcome, for with two exceptions caused by death, we have yet on our roll all of that bright galaxy of stars who *would* as well as could think on their feet, and who made memorable the meetings of 1873-4-5.

Gentlemen, debating is not a "lost art" with us. In selecting gentlemen to prepare papers for this meeting invitations were extended to a number of members who had never come to the front before. Some cheerfully accepted and are on our programme. Others, from feelings of delicacy or distrust of themselves, declined.

For the benefit of further executives, I submit that a request made of any member for contributions should come to them with the *force of a command to duty*, and nothing but unavoidable reasons should ever be offered as an excuse. There is nothing that binds members together more closely in such an Association as ours, than the proud fact that *each one* has taken an active part in its deliberations and helped to make it a success.

SISTER ASSOCIATIONS.

We have with us delegations from the South, East and far West, and have welcomed them to our meeting and its deliberations. Their being with us will result in increased mutual esteem and fraternal regard. Words cannot express my deep regret at being unable to be present at the late meeting of the Southern Association. I had made every preparation to attend, and only at the last moment learned that it was not to be. The Association, however, was ably represented by Messrs. Lindsey and Bloomington, who will report their embassy and its results. I was permitted to attend the last meeting of the New York State Association, held at Utica. Messrs. Bliven and DeCamp kindly consented to serve with me as a delegation from this body, and a "report" from them will be "in order" as to what we saw and heard, and how royally they received us, and how richly repaid we were for our visit. The "Association from the Pacific Coast," though far away, has ever been near to us. They have been with us in every good word and work; have managed their affairs successfully, and have, I believe, without exception, shown up a good profit to their companies—a *good test*, gentlemen, of the *worth*, at least, of their Association. I trust the incoming Executive Committee will, at their *first* meeting, arrange for delegations to our sister associations, so that members thereof may be announced and known, and have ample time to prepare to go, and go.

STATE BOARDS.

Unusual activity has been displayed since our last meeting among these potent and useful organizations. Old ones have been reorganized and new ones formed, and the *whole field covered by this Association is now being worked by them*. There are eight State Boards in the Northwest, having jurisdiction over twelve States and Territories. Besides this, we have a novel and "patent process" in Colorado, Montana, Wyoming and New Mexico, whereby every place in these States and Territories has been rated, and a sub-manager placed over them—these sub-managers reporting to a head manager at Denver, Col. It was long a wonder that Illinois had no State Board; but that wonder has ceased to exist. It has had one since the early part of this year, and, for a new broom, has done well. Illinois can now boast of more local boards than any state in the West, and possibly in the Union. We are rejoiced to see that the "Lone Star State" has recently formed a good State Board; it was needed. Judging from the fine beginning already made it will be a great success, and we hope be but the *avant courier* of more in the South. All of the State Boards have been invited to be officially represented here, and we hope to hear from them upon their work, its past results and future needs. I was once an unbeliever in State Boards, but have become thoroughly their firm friend, and now do not see how we could spare them. The National Board once retired them for the Western Committee of Co-operation. Then their value was made known when their

absence was felt. I believe they have returned to stay. There has been some friction and inactivity in one State because of the claim that the companies would not endorse them in the way they wanted. This has been happily arranged recently and the proper authority recognized and concession made, so that all is now well in one of the best States for profits and worst for business.

What the true status of State Boards should be has been a matter of much discussion and difference of opinion, but the companies are nearer together upon the matter to-day than ever, and are nearly of one opinion that the State Boards, composed as they are, are the best instruments that can be used to pleasantly and effectively perform the work of board formation and regulation, and the application of the tariff.

The burden of the work has not yet been laid equitably upon the companies. Many have not done their share, some none at all, while others have done double duty. This injustice should be remedied, and to me the pleasantest seems the best way, viz: an allotment of committee work upon each company, based upon its receipts, and the *joint request* of the State Board, as such, made upon each company doing business within the territory of the Board. Special cases are receiving special treatment now, and much of what was once general work, is now special and provided for, lightening the burden of the State Boards somewhat. Our good friends of the State Boards ask but a trifle from the companies to make their work effective and to give them courage in the work. They ask their *confidence* in them as gentlemen and underwriters; they ask that what they may do in good faith and impartiality, *may be confirmed*; they ask that when local boards, which they have formed under the rules agreed to by each local agent, find a man guilty of violations and apply the penalty, that that *penalty shall be enforced*.

Any power thus far delegated to State Boards has not been arbitrarily applied; indeed, I believe they have been too lenient and done too little in some cases. I believe these organizations *can* be trusted; and if the companies will for one year see to it that their work is upheld, the reform they will work will be past present conception.

To be most effective, however, each member should stand shoulder to shoulder with his fellow member, should be fair and prompt in all his work, and thus beget within each Board those mutual, kindly feelings and regards that will unite the organization so thoroughly that its influence will be more powerfully felt on every local board.

LOCAL BOARDS.

I believe there never has been as many of them in our field as now. There are 749 that we know of, and possibly a number where two or three agents agree together and have their own rates and adhere to them. The number is growing steadily, and they are all, as a rule, active, useful and harmonious. The sad experience of many companies has awakened a warm desire among many agents, who have heretofore been indifferent, to do

something themselves toward relieving their companies, and we are hearing of cases where the agents themselves are forming boards upon basis rates sent them. Such boards will live. It has been a study with many how rating should be done, and about every plan has been tried in the past. A new discovery was put in practice in Kansas City last year, and so well did it work that the "managerial" or "compact" system has been put in force in nearly thirty places. The salient features of this system are: First, a restoration among agents of confidence in each other; second, a removal of any chance for divulgment of board action upon rates to influence patrons; third, an independent system of rating. I have yet to learn of any considerable complaint from agents as to the system—at least enough to warrant their giving up compact privileges and benefits. Some agents, of course, think the system absorbs their individuality, and it is at first distasteful, but this feeling wears off and is swallowed up by advantages observed as soon as the compact is fairly tested. To me there appear other reasons favorable to the system. The manager, as to *rates* themselves, stands in the place of the companies after the basis has been put in his hands. All differences and contrariety of views are merged in him, and the companies present a *solid front* as to *what the rate shall be*. Again, the *method* of rating adopted seems intelligent, fair and business-like to business men, who have their own option of paying one rate or another, just as they prefer, *by improvement of the risk*.

The great keynote was struck in the West when the companies declared that there should be no further reduction of rates without adequate improvement of risks. That declaration stopped the tearing-down process, and made it possible then to begin and build up. When one grand stand was taken in the right direction, it was easy to take others that should bring about the work that has since then been done. Before leaving this branch as to the "compact system," I suggest that managers can, in places of moderate size, be made fire marshals, and that in all places with "compacts," they should at least *direct* the inspection and have the final vote as to what is safe or unsafe.

The most important question at this time in reference to local boards is: *How shall we protect loyal companies and agents from disloyal ones*. There are two classes of non-board companies—those who are legally within our field to do business but are not of us, and those who write from outside our field and inside of our rates. As to the first class, they are fortunately few, and to my mind, with the proper united pressure brought upon them by all the companies who are adhering to uniform agreed rates, they would see it entirely to their interest not to continue apart from us, but to join us. It is far better to exhaust every peaceful and kindly effort before we pronounce them incorrigible and assume any offensive attitude. We seek not the co-operation of these few companies for the purpose of advancing rates in the West, but that we may *all work together* to elevate the business and popu-

larize it with the masses, and no one thing would so much do so as *one rate for the same risk for all the companies*. There is but one way to deal with those companies who have no legal status in our field, and that is to invoke legislative protection in aid of those companies who have complied with the laws and pay the heavy taxes to be permitted to do business, that they shall occupy the field, and that those companies that have not so done shall be prevented from doing business therein by heavy penalties against those who solicit directly or indirectly for them, and by declaring their contracts null and void. Such legislation is coming, and we can do much to help it along, as it is a matter that appeals to all men's sense of justice. Only please ask legislators to stop there.

LEGISLATION.

Several State legislatures have met since our last meeting and parted, and their benediction was their best "act" passed, so far as our interests were concerned. In one State many unfriendly bills were presented, but the good sense of the majority did not let them advance very far toward a passage. I have great hope that in the West we have seen the worst of legislative tinkering and intermeddling with insurance affairs, and that in the future we may not have to "sleep on our arms" by night. Hostile legislation, like bad policy forms, are of oriental origin, and it is to be hoped that no more bad precedents may be sent West for us to fight off, for it is the bad things of this world which seem most contagious. I differ somewhat from those who look upon all our past insurance legislation as an unmixed evil, and that it was prompted by feelings wholly unfriendly and unjustifiable toward us. Take the law creating a tax against us where fire departments are formed. This has certainly led to many improvements in this regard, looking partly toward a saving of loss to the State, but in some cases more toward a collection of the tax from us. The general result has, however, been the formation of some effective departments; the building of engine houses and the increase in the value of insurable property thereby. Where the departments are not effective the rate has not been reduced but increased to meet the tax, if we have done our duty. I am not so sure that the Wisconsin valued policy law caused the vast amount of incendiarism that was predicted, but I do know that it made us careful not to over-insure, and I submit that had we exercised the same care in Wisconsin before the law made us do so, the law might not now be on the statute book of any State. We are not blameless when we depart from old and well established rules and pursue those that antagonize us with the people, and they in their might say we shall cease.

There were a good many unwritten and untold facts that inspired the Wisconsin and kindred laws—a vast amount of over-insurance, a vast amount of unexpected under-insurance, on account of clauses hidden away in fine type; a great many sharp, tricky, salvage-at-all-hazards adjustments. We must not in our haste do injustice.

The most of the legislation that we have had in the West has been

met by changes in our contracts or an advance in rates. I can imagine one other way to meet unfriendly legislation: withdrawal; but I have faith yet in our law-makers that we shall not be driven to this *dernier ressort*. A recent trip through the extreme West, where there is no State supervision, changed my own views somewhat thereon, and I believe now that though it has faults, we would be worse off without it. We can certainly ask of the insurance departments that greater energy shall be displayed in driving from the States where their law so permits, all illicit dealers and all underground insurance. Much has been said and written as to what is the best way to correct public opinion so as to secure more friendly legislation, and this topic has been deemed worthy a place on our programme. I will state one method that has occurred to me in passing to the

INSURANCE PRESS,

who are with us to-day, active, bright and welcome as ever. While they are in the front rank and leaders in insurance thought, and are striking doughty blows for the right, it occurs to me that if they could enlarge the circle of their subscribers and get their excellent publications into the hands of those who are ignorant upon insurance and its work, and who vote ignorantly and wrong, that they would be doing a great advance work in the better education of the masses. Why not add a commercial or trade's feature (for commerce and insurance go hand in hand) and make their issues valuable to merchants as well as insurance agents? Commercial papers have added an insurance department to their papers, and I speak without any disparagement of the insurance press, when I say that they are doing the greatest work *among the masses*, because the *masses* get them. These commercial papers do not always present the best facts or the needed argument to educate the people *to the point*, and it should belong to those who do know to take the lead in this branch and increase their circulation and their usefulness. Our great newspapers in the West are beginning to realize the magnitude of the interests we represent, and are gaining a new insight to the business, and are doing us something of justice. Three of them now pay particular attention to insurance matters, and one of them for a long time had an insurance column conducted by a master-mind now stilled in death.

INSURANCE.

I promise you in the outset remarks only of a practical nature, how our business *can* be made more *pleasant* as well as profitable through the correction of unsound practices now existing. What I shall have to say may not be novel, and certainly not startling. It will probably appear more to you like "old friends in new faces." Why is it, gentlemen, that in such seasons of great agricultural, commercial and financial prosperity as the last two, when the fields have been rich with golden harvests and farmers were buying grand pianos and filling our high-schools and colleges with their children; when the savings banks in 1881 alone increased their deposits

\$160,000,000, and the government was easily able to float an immense amount of its debt at a largely reduced rate of interest; when the increase of new buildings and improvement of old ones was immense, especially in the West; when every trade was prospering and commanding superior wages; why is it, I repeat, that our interests, among all others, should have shown such poor results in the aggregate? I fancy I hear you say, "they didn't make the property that remained pay well enough for that that burned;" or, "outgo exceeded income." These answers are correct as far as they go, but they don't go very far. Whoever will survey the whole business and the whole field in this country and analyze the results that we know "*in solido*," and make a faithful statement of those same facts separated as to each section, will see where the corrective should be applied and what it should be. What the *general* results were in the United States for 1879, 1880 and 1881, you are all well apprised of, and what they were the first half of 1882 I am sure needs no repetition. It would be out of place, like whistling at a funeral.

In comparing rates between sections do not be misled into any belief that our rates in the West are too high. They are not, and are only fairly remunerative when we take the experience of the past ten years as a test, which does include the Chicago fire.

The *particular* results in *our field* were, that during the three years named, the companies, almost without exception, made *good* profit, and I believe as to the first half of 1882, with its fearful aggregate showing, that all the leading companies made a profit in our field.

Gentlemen, there exists an *undue* disparity between the rates in the East and West that can be easily learned by any one who will figure up the premiums received, fire losses paid and fire risks written during the three years above named in nine of the principal Eastern States, and compare them with the same items for the same time in eleven of the Western States and one territory. Whoever does so will find that the results will justify the West in asking from the companies that they exact from each section of our country proper and equitable rates, that proper and equitable results may be shown from them all, and that the whole business in the United States may *everywhere* be made a success. He will also come to think that the results in the West ought to be supplemented by a movement everywhere in the same direction that the West has taken to secure the same.

How have these results been attained, that are so gratifying, here in the West? In the latter part of 1879 a life-boat was launched—*honor* was its *keel*, *good faith* its *ribs*, and the *pledge of gentlemen* the *planks* that held it together. *Reform* took the *helm*, and as it glided from its ways gracefully into the water, a bottle of the *spirit of fraternity* was broken over the *pro*w and the boat was christened "*THE UNION*." It has proved itself seaworthy and a success, and the crew that shipped with it have worked together for one end: the common good. No *passengers* have been carried; but it is heavily

freighted with the best interests and true welfare of the business of Underwriting in the West. May the flag that it carries never be lowered, and may the mission of this life-boat continue to be as rich with success in the future as it has been in the past, so that others, seeing its good works, may go and do likewise. Our success in the West has also been largely due to this Association, that has ever been found upon the right side and has always sent us away from each meeting stronger and braver for our work. State Boards have been potent in assisting in the good work, and during the last eighteen months have shown a marked increase in their efficiency.

The local agents, and through them the local boards, have performed no inconsiderable share of the work. They have *felt* that an association of *individuals*, based upon pledges of honor and good faith, meant more than an *aggregation of companies*, where membership was loose and irregular and no concealment was made of its inner workings and only discord came to light. They have furthered the expressed wishes of their superior officers and have been generally assistant and willing from the outset, and are to-day in the main warm friends and supporters of all reformatory movements.

I assume that rates are generally adequate in the West, and abundantly so with properly worded and guarded contracts and proper charges for extra hazards assumed, or permits given that are not exacted as a rule.

Animated by the desire to benefit the general business and without any wish to make any invidious comparisons, I have intimated that rates are not as high in the East as they should be in justice to the West, if insurance, like a tax (as it is), is to be laid upon property according to its value. If rates are to be maintained in the West, there must be an advance along the whole line in the East, and there must exist in that section a more united and harmonious front. We know that it is for our superior officers to issue orders, and for us to obey; but we gently and kindly suggest that experience in war has demonstrated that those chieftains succeed best, and are best remembered by their subordinates, who are ever found *leading* their men. We firmly believe that had rates been made and kept remunerative in the East, that many companies would have remained at home, where they preferred to be, and not entered the general agency field, carrying havoc wherever they went, either from no knowledge of current rates or a desire to retaliate for past treatment they had received. We know well that in localities in the West it costs more to transact our business, and that many classes of risks in the West are not as good as they are in the East; but all the West can ask is that each class, each field, shall be put on the basis of *results*, and that equitable rule applied, none can complain. "Average," as generally understood and applied, should be discarded. To sit down and see income so much, outgo so much, and trust to luck, is not underwriting. Every honorable and deserving company will endeavor to find out the better and the poorer classes of risks and classes of the same risk, and from experience put increase or decrease of former rates where they belong, and make results profitable through

due exactions made upon each class. I believe in the application of experience to the extent that each class shall bury its own dead; that each town shall be rated on its own record and merits, and that each section of a State differing from another and each State itself, shall in like manner be tarified. If there is any room then left for "average," it is welcome to it. An advance to something near our Western tariff in the East would prevent Western business seeking lower rates there, or an agreement signed by all companies to secure our local rates without any allowances in excess of what we are permitted to make, would make all Western underwriters happy and grateful. We have been watching and waiting in the West for aid at the hands of the "United Fire Underwriters in America." We built high hopes upon them and have watched their proceedings with an interest born of our close connection with them and dependence upon them in many important matters. They began well, but seemed to have halted. Was it a failure to agree upon uniform discriminative rates from *center to circumference*, or was it an unwillingness to attack or lack of power to "control the commission" subject that caused the halt? If so, better that the building wait than that these stones be rejected; for when the fabric is started and carried through to successful completion, these two stones will have become the heads of corners. We are yet hopeful of this new organization; that it will maintain and not surrender it. If they have the *nerve* they will find a way, or *make one*, that will lead to success. "The good work must begin at Jerusalem," and *not end there*. When a *general union* shall have been perfected, the West will hail the same with joy and see to it that nothing is done within its borders to threaten its perpetuity or weaken its strength.

WHAT ARE OUR NEEDS IN THE WEST

to place insurance upon a firmer and better basis? I answer:

We need a greater union in *all* things pertaining to the correction of *unsound practices*, the same as we have it upon *rates*. Through much tribulation we came up from out the dark waters of chaotic rates, and "though many as the billows became one as the sea" upon *this* vital subject. How much longer shall we drift without the breeze of a solemn purpose filling our sails and the strong hand of determined reform at the helm? Until we shall be wrecked upon as dangerous reefs as threatened us before, or have neutralized all the advantages thus far gained? I trust not.

We need the firmness to stand together upon our charter and contract rights as printed in our policies, and to make it known that we will not deviate therefrom. With such a union the many abominable waivers that seek to enlarge and vary, to our company's detriment invariably, our printed contract, would be stamped out. This disease is spreading fast and needs *action*.

We need a stronger unity of purpose to re-establish the good old custom of *charging* for every kind and degree of indemnity we afford the customer. The time was when a *fire* insurance policy was just what it read, *fire only*. Now we have lightning and explosion attachments, and it will not be long,

unless we halt, before we have "tornado," "hail," "cloche," "chomage," etc., etc., added on to our *fire* policies. It was a sad mistake when companies began insuring against lightning (no fire ensuing), charging nothing for it and themselves violating their charters in many cases.

The courts may yet hold that such an insurance may be found, under certain electric conditions, to contain a tornado liability, and *then* I think it will be taken from our fire policies where it never belonged (unless fire ensued) and placed among the other furies where it does belong. All the hazards named are legitimate in their place, but that place is not on a fire insurance policy, when in a few months of earnest competition they will be cheapened to secure the primary fire risk. We should charge for carpenter's permits as an increase of liability and a new value received to assured. That was once a *rule* but now the exception, and it is generally freely thrown in, unlimited as to expiration, save only the determination of the policy. In like manner vacancy and non-occupancy should *always* pay a *heavy* additional rate, unless guarded by police and fire departments; and even then an additional rate equal at least to "builder's risks." We are yielding ground on these until it is hard for old and experienced companies to retain their business where these permits are wanted, at rates that they *know* they should have. All companies should have but one view and rule as to them. The companies once fought coal oil for lights and then admitted it free as to stores or dwellings in their policies, but they are used generally now when wanted and no exceptions taken. In like manner the gasoline fiend has been fought, and the end promises to be the same as with coal oil. The companies once fixed a limit for powder, but now there is no regular rule upon the subject, the philosophers of our profession holding that 25 pounds will blow a man as far into "kingdom come" as 100 pounds, forgetting that men don't care to go so near the large amount and secure salvage. We have let the simple "loss endorsements" grow into the immense "mortgagee waiver clause," until it is hard to tell which is the policy and which the waiver; and no one knows, however astute in the law, just exactly or even near where his company will stand, until the *full* circumstances of the loss are known and the facts are developed, and then, too often, the courts have to settle it. It is a pernicious clause, causes disagreements and law suits, and is frequently dead against legal or equitable adjustments. We need the unity of purpose, and we can effect a cure through our local and State Boards and our other organizations, by a *proper tariff* for all these additional hazards to be fixed and secured, that these *excrescences* in forms be *lopped off*, so that we may return to the simpler forms and old-fashioned ways under which insurance accomplished so much. We need the proper spirit toward each other and common desire for sound practices, that will not permit a departure from well established, safe usage on our part to secure some fancied gain which will only be temporary, when other companies learn it and "meet us." We have gained (?) one more bad precedent—that's all. Take *credit premiums*; we should have but one inflexi-

ble rule thereon. It would elevate our business and increase its results. A crying sin in our business is *blanket policies*, under which we have suffered so much. It is a wonder we were not a unit long ago as to them. The enormous increase of total losses under policies in the past few years, when property insured was only partially destroyed, is one great evidence of need of action thereon. The companies have recently arisen in their might and asserted their rights as to lumber yard risks, but there are other large classes of risks where the companies have consented to a double or triple hazard for one premium.

If we would but take hold of these, as has been done with lumber, the evil would be entirely eradicated, and that speedily. An effective remedy occurs to me, viz: to tariff a risk by a regular scale, according as a large or small proportion of the whole value at risk is insured—the smaller the insurance the higher the rate; the larger the insurance up to a safe maximum, the less the rate. As a body of men who ought to be deeply interested in *fire departments and water supply*, are we doing our duties as underwriters? We are taxed therefor, we concede rates therefor, but do we carefully *examine into* and *test them before* we say they are efficient by our remission of rates? Every fire department and claimed water supply should be the subject of constant examination and tested as to thoroughness, discipline, drill, equipment and water supply by every committee or body of field men that visits there, and the results, if unfavorable, should be made known that remedies may be applied or rates and lines readjusted. A few instances: A large fire took place in a western city. It burned a number of buildings when it could have been confined to two had engineer not been off hunting squirrels. A twenty-five cent reduction in rates had been made on account of *superior* fire department. Morale—a full paid engineer, *ever present*. A southern city with a full paid department, Holly supply, also steamers, had a large amount of cotton protected by two main hydrants and some smaller internal pipes of no value. An old underwriter, having a good deal at risk, called on the chief and asked him to flush the two main hydrants. It took one hour to get the water running. The chief promised to look into the matter semi-weekly and he did, as long as he lived. Morale—flush the hydrants *often*. Many and many an instance of this kind could be related to prove that time spent in this work for the general good is well spent, and that greater attention paid thereto by each of us will bring good results and the lasting thanks of all the companies. The narrow ring in which the field men of the past went round has been broadening, and the many kind acts done by each of them from time to time for other companies than their own, is doing much toward bringing the companies nearer and nearer in all things that tend toward the common good.

A kindred oversight is made in the *careful inspection of places* as to *cleanliness of streets, alleys, and areas*, where there are no fire marshals to look after them. In both these matters we have neglected to use a formidable power,

the local boards—a power that has been growing stronger and stronger for the last three years. They are on the ground and with united action can secure all we ask that is reasonable. See what the Local Board of Chicago did toward improvements in and about its packing-houses, and later on as to the streets in the lumber district. A unity of purpose in any local board, great or small, will work wonders.

As underwriters, I do not think that the companies are insistent enough as to *fire marshals* in each place of any size, whose duty shall not only begin with enforcing prevention of fires, but shall include the power to immediately officially inquire into the origin of any fire. They would be on the ground at the fire, see the *debris*, examine those that were there first and last, and in one hour at a fire would gather more information than any adjuster going there afterwards could in a week. The power of inquisition coupled with the ordinary duties of fire marshals, has saved millions of dollars in one city. The plan has worked well wherever tried. The careless and guilty would alike shrink from investigation by an officer of the law, and greater care against fires would be had and less fires occur.

I believe that we should labor for a *standard form of policy* and should prefer to fashion it ourselves, than having it done for us. As the years grow and experience ripens into conviction, it must be apparent to thinking minds that the various conditions that are increasing in our policies—and many different from those of other companies—the different risks assumed, limitations imposed and methods provided for adjustment therein, lead to differences among adjusters, causing delay and annoyance to the assured which does not exalt our business in their esteem, and what is worse, lead to misunderstandings which the courts have to interpret.

Many policies are loaded with provisions that are surplusage, because never relied upon or used. Why then have them? We complain that the courts are steadily taking away from us our safeguards, when every day brings to our knowledge where companies, through their field men, or over their counters, admit and pay claims that are not insured against, or that are absolutely void under their policies, because they—want to. I believe that a uniform policy, composed of a few plain provisions that are cardinal, such as the courts have held to be valuable and left us in possession of, printed in as large type as possible, would improve our standing with courts and juries, and the people would soon become familiar with one form and would resort less even to an attorney for advice. It would improve the business in every respect, I verily believe.

Our method of adjusting losses is faulty and needs heroic treatment. Perfection cannot be reached in it, but it can be improved. We adjust too fast; are too apt to take assumptions for facts and to use secondary evidence when primary can be had by *taking time*. How we skip, hop and jump over the origin of fires! Why, every fire should be additional valuable information to us, if there is anything new to be learned, by patient scientific investiga-

tion. Should not the companies be better pleased to know just how the fire originated, than how the salvage was made? Everything is gained and nothing lost, but extra time and expense, by a dignified, thorough inquisition. Honesty never avoids that; dishonesty shrinks from everything. To give a claimant a few hundred more just to make a train, hotel or home, should be the last thing in an adjuster's mind. A lumping settlement is seldom a success. The owner knows his own the best, and the companies lose by it. "Hew to the line, let the chips fall as they may." Our present hasty adjustments don't prevent crime. They sometimes light the one smoldering spark of dishonesty in the bosom of an unsuccessful and debt-burdened man. Time was when an ordinary loss would occupy days, but we hear now of the "lightning adjuster," whose boast is one per diem. We should advise with honest claimants how to rebuild, or help them as best we can in their hour of need. Thereby you will bind claimant after claimant to the wheel of insurance, and fix them as our friends, whether they tread quiet paths or legislative halls. *Multiplication of agents* is the source of many of our ills and should be stopped. Time was when one or two agents did the business of a small place in the way the companies wanted it, for ten per cent. commission, and all was harmony. Now, in the same place a dozen are clamoring for that same business and barely living. Commissions have been advanced, rates reduced, and it is very hard to secure proper corrections on account of increased competition. Harmony has fled from the place. We should ever labor in the interests of consolidation, and never in that of multiplication of agents.

Another grave defect upon which the influence of our Association has not yet been properly exercised and felt, is the *indiscriminate and unjust (both to companies and assured) method of rating*. A basis of rates has been generally adopted, varying according to the records of different localities, and in a few places a short schedule has been added by which to build up from the basis. These places should largely be increased in number, and our schedule applied, and perhaps enlarged.

As we are now rating we are not blameless for poorly built, arranged and protected buildings. I know there are those who say, "fires are our life; we take business as we find it, rate it accordingly," etc.; but I cannot take this cold and heartless view of this matter. If insurance is a blessing, why not add to its usefulness, by pursuing a system that will appear sympathetic and place us right as the friends of communities and States in preventing the starting of fires. Every dollar destroyed by fire is lost and gone, and ashes are no equivalent. I hold that for every material defect there should be a specific charge, and for every improvement a specific allowance, and that all our ratings should be uniform in the application. Companies are responsible for growing buildings on the ground and in the air. A schedule should be adopted charging for area on ground and height in air. To each story above the second an ever-increasing scale should be fixed, so that

buildings 146 feet in height that are now written in the West at a trifle less than a single two-story "brick" would command, shall pay what it is worth, and justice be done to the owner who thus endangers life and property, as well as the companies. In our ratings, we have not considered, from frequent tests, the actual effectiveness of fire departments and water supply; nor have we properly considered the huge banks of telegraph, telephone and electric wires that block the use of ladders and hose; nor have we charged for their additional hazard running over buildings, save in perhaps one city in the West. We have not always considered streets and the facility they offer for locomotion the year round to steam engines, etc., nor the cleanliness of places.

I make the statement that the little discriminative ratings we have done under "compacts" have made insurance more real friends among *business* men than anything we have done. It seems to me the keynote to success in this direction. We must cease being indifferent in this direction, and show friendliness and the wish toward all that they may never meet with misfortune by fire, by advising them how to build or repair, according to their means; by allowing for improvements and charging for defects. We must deal upon the broad and winning basis that an improved hazard means a decreased rate. Our business will adjust itself easily to the new order of things. Our profits will be increased, and those companies that deserve success will win it.

OVER-INSURANCE.

I believe the gravest error that the companies commit is that of full or over-insurance. Time was in the memory of underwriters on this floor when "other insurance permitted," etc., was rarely, if ever seen, and then for undoubted parties, having risks controlled by good fire departments. Now open permits are the rule, and a limit the exception. I have seen this year "unlimited insurance permitted" by an agent in a town of 500 inhabitants, upon a policy covering a manufacturing hazard—mortgaged; and parties rated comparatively low at that. Open permits for other insurances are upon our contracts covering all classes of hazards and for all kinds of men. Our present loose policy permits and *incites* to a competition among agents, where full insurance is wanted, as to who will write the most on a given risk; the worst commentary upon the practice that could be given—a practice that puts to the rear the old-time careful and profitable agent and to the front the most dashing and unprofitable one. There is great variety of opinions as to what extent full or over-insurance affects the moral hazard; many say from 20 to 33½ per cent.; one has put it much higher. I can speak from my own observation that enough cases have come under my notice to convince me that an unlimited permit was a potent factor in the losses. There is, however, a pleasanter plea to make against this practice, and that is: That did we never permit full insurance upon any building, there would be a better architecture, better protection and care of property, and each owner

would see to it where he was a lessor, that his tenants were good, careful men, and not over-insured. Numbers of letters come to managers in a year from these careful owners, warning them and asking a reduction of their tenants or neighbors' insurance; and yet more cases come to our agents. With a full insurance a mill owner generally wants no watchman when his salary exceeds the company's extra premium for none, should they ever charge extra. I would never permit a full insurance on any building. "How about salvage?" is asked. Fix your limit; *then* fix your rate. The company's premium will be made quite good, and they will have some one interested in the risk on the ground in the bargain. I go further and say that no stocks of merchandise or any personal property should be fully insured, so that its destruction by fire will be a wholesale sale to the underwriters. It is not in accordance with the earlier and better principles of indemnity to indemnify the whole value, but *such an amount thereof* as was agreed upon under the rules, and it does seem to me strange that companies are willing to place themselves in any position whereby they can become purchasers of an entire stock at market values at spot cash in the case of some companies, and sixty days in the case of others. The companies have got to take this matter in hand and agree upon a uniform *rule* in all cases, *or the State will*. The matter has had serious attention in other countries, and various rules and devices have been enacted to fix the value of the property and the limit of insurance. In one western State a bill to have the tax assessor fix the insurable value beyond which companies could not write, got a large minority vote in the House, where it originated. In another State a bill was prepared but never presented, prohibiting the companies from paying over three-fourths of any ascertained loss. There is no use in putting the fact behind us, that many of the best minded business men are forming strong prejudices against the companies on account of this practice. These little specks in the sky will yet come together and form a cloud from which will descend a storm of public opinion touching over-insurance that the companies will have to heed. The same question of salvage before named arises here; but as most of the companies seem willing to carry merchandise risks that are good in an amount that will just about "sweep out the store" after all the goods are removed that can be, without extra rate, they should not take exception to a much larger insurance, if it is less than full. However, I think it unquestionable that a limit on buildings to 80 per cent. and on personal property not perishable to 85 per cent. would net the companies so much more profit than our present system that the question of salvage would be lost sight of. The primary cause of our getting away from ancient landmarks were the pressing demands of the assured. The blame rests with the companies in permitting it. It is the besetting sin of our business that in the rush and scramble we go too fast into some new and untried movement, and get so far into it before we really think, that we find ourselves bound hand and foot, and so committed to it that we *believe* we cannot recede.

No great blame can be attached to local agents, who never ask the question of value, but generally ask, "Is that all you want?" Instruction books read pretty, but their company's letters read the way the local agents go. I know there is a variety of opinion on this subject as to whether it could, would or should be done; how it should or shouldn't be done. The remedy is in the company's hands if they so will it, and a circular issued by the leading companies alone, if all will not unite, would settle this unsound practice in thirty days. It is worthy a *heroic* effort.

The greatness and perpetuity of the German Empire rests upon the pillars of Sedan and Sadowa, that of America upon Yorktown and Appomattox, and the fortunes of American underwriting can only be assured by the united efforts of all the companies to place its great interests upon the two granite pillars of *adequate discriminative rates and a properly drawn, well guarded and uniform policy*. With honesty of purpose for its arch and honor for its keystone, the structure of American underwriting will outlive all conflagrations, overcome all prejudices, and will have its place among the emblems of States alongside of agriculture, manufacture and commerce. "Get the proper rate" and "do not fully insure anyone." "On these two commandments hang all the law and the *profits*."

Reforms generally take advanced ground. With us, if we would go forward, we should go *backward*. Take the report of the Executive Committee at our Third Meeting, wherein six vital reforms were proposed in a masterly way, and ably discussed and adopted. We want to go back and re-enact those resolutions and work up to them in our daily duties and do what we can to bring them to an adoption. At other meetings this Association has made a good record for sound practices, and can be proud.

IS FIRE UNDERWRITING A SCIENCE?

Some say, yes; others, no. We will not dwell there; but whether or not it is an *applied* science we will notice.

1. Have we mastered fire insurance thoroughly, so we know to a certainty all about it, and have we had the leisure and mastered to a scientific sureness the causes, effects and natural laws of those hazards that we have so suddenly assumed in addition to the hazard of fire, that many have been a lifetime trying to reduce to a science?

2. We knew that iron shutters were good things, but how many years did it take us to learn that the present metal sheathed over wood was a better one than all iron? We thought that it was not material as to exactly how they were hung. How many years did it take us to learn that to be hung and fastened on the inside was worse for our interests than no shutters at all? We certainly had not made a scientific study of this subject; if so, had not applied its results. It took the world the first 700 years of its civilization to learn what the roaring in the head meant when the ears were stopped; then Harvey discovered the circulation of the blood. We are not slow for even our times, but are certainly not thorough. We go too fast.

3. We have followed matches (a great incendiary that we should understand) from the time that they supplanted the flint or steel and tinder, through every stage up to the "parlor" terror, and probably think we know all about the good and bad ones; but have we ever bent our energies and devoted our time to discover a *real* safety match under all circumstances, and exact its use? Do we know to-day whether there is not one, or but one thoroughly safe match? Have we a scientific knowledge upon this subject? If so, have we applied it?

4. We do know by a scientific test of experience, as demonstrated by actual figures, that a certain risk is worth so much. Do we apply our knowledge by declining it at less, or did we accept it because other companies did or would if we didn't? If so, was that knowledge applied?

5. We know by the most certain tests that certain stocks in certain places with fire departments and water supply are worth from 25 per cent. to 40 per cent. more than the "B" building containing them. Have we ever applied our knowledge and done our duty and made the proper distinctions as to rates?

6. We know that in the last five years in the United States 278 school-houses burned and 237 cooper shops. Have we applied our knowledge and raised the rates on the former and reduced the rates on the latter? We know that during the same time and in the same field 386 churches and 386 carpenters' shops burned. In the cold realm of figures, we cannot suppose the immense difference in the rates of the two classes in favor of the former was intended as a donation; if not, have we applied our certain knowledge at all?

7. This country has had many companies in time past that from various causes were not deemed successful or even solvent. Other stronger companies thought so, their field men thought so, their local agents thought so, and took all the advantage of it they could. A morning paper brings to these astonished agents the news that their strong and undoubted company has re-insured this unsuccessful and insolvent company; and were the facts known, at a handsome discount from their unearned and "insufficient" premiums. If the re-insuring company knew what they stated or thought was correct, what shall we think of such actions? The practice of re-insuring other companies seems to me to be unprofessional and wrong. It is detrimental to sound underwriting and an injustice to agents loyal to companies of unqualified soundness.

If companies are to retire, let them go out as they came in, and if they are forced to do so, there will be fewer ventures of small barks from the shore. Granted that a company is formed under no expectation that it would or could re-insure, they would be very slow about making new departures from the well-beaten paths of old and successful companies; they would not be apt to secure business at the expense of lower rates and sound practices, and least of all, to pay more for their business than others were doing. As it is now, companies can start up, go ahead, trust to luck, reduce rates,

increase commissions, demoralize everywhere, build up nowhere, satisfied if the cards turn against them they can speedily and profitably *re-insure*.

In the foregoing address I have departed somewhat from the custom of my predecessors. I am not the "grand lecturer" of this Association, nor have I sought to read you one in my remarks.

I have sought to keep within the bounds of the constitution, and in a feeble way to do something toward "*the elevation of the profession of fire under-writing*;" not dealing in *generalities*, but trying to particularize, that points may be presented for discussion. I have given my own views as thought and observation have forced them upon me. Many will take issue with me on some of them; if so, I trust a profitable debate may ensue. Let our views differ upon minor points as they may, we should stand together upon the essential ones and together work for the better days that are surely to come, the sounder practices that are surely to prevail, and the grand consummation that you and I may not, but those that come after us will surely see—the unification of interests now seemingly diverse and the popularization with the masses of a business now frowned upon apparently by them.

In the majestic symphony of the universe the attuned ear can hear the roar of the ocean and the sobbing ebb of the tide—the rush of the mighty whirlwind and gentle sweep of the evening zephyr; and the eye can see the black sky, lurid at times with lightning and trembling with the thunder's roar, and the same sky serene at evening and "breathing and panting with stars." To such an ear and eye they are but parts in that symphony, which, put together, form one grand moving melody, sweeping along in one wondrous rhythm, and each voicing one grand design and one glorious purpose. So in our business there are storms of diverse opinions, then calms of united aims; the hasty, inconsiderate rush for business, then the hour for calmer thought; the struggle to-day over apparent antagonistic interests, then the starry night, when peace and fraternity take possession of the heart. Out of these discordant and seeming irreconcilable interests, order, unity and fraternity will surely come. Their grand spirit is moving through the main body of our ranks, and is the one "wondrous rhythm" that pervades and gives the keynote to the whole. In the religious world there have been, for many years, pious, patient and persistent souls, who have in season and out of season, through sunshine and storm, good report and evil report, labored and prayed that the Christian world might throw down the walls of sectarianism and meet upon one platform and under one conquering banner, whose motto should be: "One Church, One Faith, One Baptism."

THEY WILL SUCCEED.

In the insurance world there are noble, earnest men, who, amid the turmoil of to-day are striving for a better to-morrow; who believe there is greater harmony in the "sweet bells now jingling out of tune;" that there is a higher, better and more harmonious platform for our profession to occupy. They are marching under "a banner with a strange device": "*One Policy, One Rate, One Commission.*" Let us join them!

THEY will succeed.

Mr. Potter: Our President is a man of truth and sterling integrity, but I fail to see any evidence of his having been sick at the time he prepared that address. There are many suggestions contained in that speech that are of very great value. I don't know that this convention has any authority of a strictly legislative character, but we have power to make and pass resolutions, and I move the thanks of this Association be tendered to Mr. Cornell for his very able address, and that a committee of five be appointed to consider such suggestions as are made in this address, waiving the usual courtesy and asking the favor of being excused from acting on that committee.

The motion, being put by the Secretary, was adopted.

Mr. Bliven: I move that the privilege of the floor be extended to the Local and General Agents of the City of Chicago not members of this body.

Motion adopted.

Mr. Blackwelder: I think this will be a proper time to move to appoint a committee to draft proper resolutions in memory of our deceased brothers, and I move that a committee of three be appointed to draft resolutions on the life and death of Joseph S. Harris, and that Mr. David Beveridge be appointed chairman of that committee.

Motion adopted.

The Chair appointed as such committee David Beveridge, Thomas J. Zollars and I. S. Blackwelder.

Mr. E. W. Lyman moved that a committee of three be appointed to prepare such resolutions and memorial as might be thought fit on the death of Capt. Wm. Ashworth.

Motion adopted.

The Chair appointed as such committee E. W. Lyman, Frank Van Voorhis and J. L. Whitlock.

Mr. T. H. Smith: I am well aware that no formal action should be taken by this Association in the case of the death of a brother whose name is not on the records of this Association at the time of his death, but there are times when we honor

ourselves by making an exception to this rule. During the year that has gone, one has passed away from us whom we all respected. His name was on our records for six years. His heart was with us. I move that the Chairman appoint a committee to draft suitable resolutions on the death of Mr. C. C. Dana.

Motion adopted.

The Chair appointed as such committee T. H. Smith, George A. Holloway and R. J. Smith.

The President: We will now listen to the reading of telegrams and correspondence by the Secretary:

ERIE, PA., September 5, 1882.

GEO. W. HAYES, SECRETARY FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST, GRAND PACIFIC HOTEL, CHICAGO, ILL.:

At the last moment I find myself unable to leave. This will be the first Northwestern Meeting I have ever failed to attend. The members will not miss me, but I will miss them. I can read the Proceedings, but the cordial greetings cannot be transmitted. My heart is in Chicago.

I. W. HOLMAN.

86 BELSIZE PARK GARDENS, LONDON, N. W., August 18th, 1882.

My Dear Mr. Cornell: Since the receipt of your letter several months since, I have looked forward with some hope that I might find myself in a condition of health to comply with your request to send you something more substantial than a mere message of friendly greeting to my many warm friends so soon to be assembled in your wonderful and most hospitable city, to celebrate the thirteenth anniversary of the Association of the Northwest.

The recent spell of warm weather has knocked away the last hope, and here I am with nothing but an apology.

Will you say to my friends that, while I find myself unable to contribute to the subjects of their deliberation, my thoughts will be constantly with them, and I shall, most assuredly, read every reported word of the proceedings. Will you personally forgive me for not being able to help you, even in a small degree. Kindest regards. Believe me,

Yours most affectionately,

CORNELIUS WALFORD.

WM. B. CORNELL, Esq., *President Association of the Northwest.*

DALLAS, TEXAS, November 8, 1881.

W. B. CORNELL, ESQ., PRESIDENT UNDERWRITERS' ASSOCIATION OF THE NORTHWEST, CHICAGO.

Dear Sir: I am in receipt this day of the "Baker Prize Medal" which you have so kindly looked after and had executed, and now desire to return to you my sincere thanks for the interest which you have taken with the same. I am more than pleased with it, and cannot see how it could be improved upon. All my friends here are charmed with it.

Please accept my thanks for the trouble you have undergone in this matter, for all of which I hope some day to be able to make some return. With kind regards, I am,

Yours very truly,

J. T. DARGAN.

THE NATIONAL BOARD OF FIRE UNDERWRITERS, }
NEW YORK, September 1, 1882. }

Dear Sir: Your esteemed favor of the 5th ultimo was duly received, inviting the officers and members of this Board to attend the Thirteenth Annual Meeting of the Fire Underwriters' Association of the Northwest, and reply has been delayed in the hope that we should be able to name a delegate from this body. While we cannot do this at the present writing, it is possible that some of our members may be in your city at the time mentioned, and avail themselves of the privilege your invitation gives.

The annual gathering of your Association has become a period of great interest to Fire Underwriters throughout the country, and from a glance at the programme of proceedings proposed for the coming sessions, with which you favor us, we feel sure that anticipations of a good meeting will be realized.

The present is a time when earnest and proper effort for the improvement of the business is especially to be commended, and experience has not shown any more effective way to accomplish reform than through associations, by means of which the members are brought into closer relations, thus making possible more perfect co-operation than could otherwise be attained.

It would afford me much pleasure to attend your sessions of the 6th and 7th inst., but the demands of business compel me to forego the privilege with regret.

With the best of wishes for the present and future of your organization, I remain, with assurances of esteem,

Yours very truly,

D. A. HEALD, *President.*

GEO. W. HAYES, ESQ., *Secretary Fire Underwriters' Association of the Northwest, Milwaukee.*

CLEVELAND, January 13, 1882.

W. B. CORNELL, Esq., PRESIDENT.

Dear Sir: I have to-day received three copies of the beautiful memorial of my husband, prepared by the Northwestern Association of Fire Underwriters. I pray you to present to the members of the Association my children's and my gratitude for their kindness and heartfelt expressions of sympathy in our hours of greatest sorrow.

Ever remembering this Association with respect, I am,

Sincerely yours,

MRS. A. J. WATERS.

ALBANY, N. Y., September 2, 1882.

GEO. W. HAYES, Esq., SECRETARY FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST, CHICAGO.

Dear Sir: Until now I have hoped to be present at the Thirteenth Annual Meeting of our Association, as I was at its eleventh gathering, but business engagements here prevent me from leaving home next week.

From here, however, will go out the President of our New York State Board of Supervising and Adjusting Agents, with a committee of that body, who intend to be present on the 6th and 7th inst.

I wish that I could be there, too.

A photograph of our company's former secretary, M. V. B. Young, deceased, an early member of the Association of the Northwest, has been sent to President Cornell, as you requested.

Hoping to meet you at Milwaukee later in this month, I remain,

Yours respectfully,

G. A. VAN ALLEN.

The President: Before we adjourn, I should like to place before you a very kind invitation that this Association has received from the National Association of Fire Engineers to attend their next annual meeting, to be held in Cincinnati next week.

Mr. Bliven moved that the very cordial invitation of the Fire Engineers of the United States be accepted, and that a delegation of three be appointed to represent this Association at their meeting.

The motion was adopted, and the Chair appointed as such delegation J. M. DeCamp, C. E. Bliven and W. R. Freeman.

Mr. Hobbs moved that a committee be appointed to take suitable action on the death of Brother James C. Dolman.

The motion was adopted, and the Chair appointed H. H. Hobbs, W. R. Freeman and Geo. A. S. Wilson as such committee.

The Chair also appointed F. W. Little, D. B. Warner and W. G. Bentley a committee to draft suitable resolutions on the death of Mr. A. C. Travis.

On motion, the convention adjourned until 2:30 P. M.

AFTERNOON SESSION.

The convention re-assembled at 2:30 P. M.

The Chair appointed as committee on President's Address, Messrs. Potter, Blackwelder, Bliven, Fox and A. P. Redfield.

Mr. S. E. Waggoner: I have a matter I wish to lay before the convention. I understand there are some representatives here from the State Boards who have not paid their dues and who are not now members of this Association, who are refused admittance on that account, and yet, by request of our Executive Committee, have been appointed delegates by their different State Associations to come here and represent their body. I make a motion that they be admitted to the floor with the balance of the delegations.

Motion adopted.

The President: The hour having arrived for the Address, I now have the pleasure of introducing Col. Clifford Thompson, of the *Spectator*.

Col. Thompson delivered the Annual Address as follows:

THE ANNUAL ADDRESS.

MR. PRESIDENT AND GENTLEMEN:

The invitation to deliver the Annual Address this year before this distinguished body of Underwriters embarrassed me exceedingly, and it was with a full consciousness of my inability to discharge the trust to my own satisfaction or to your credit that I accepted it. It was tendered so cordially by your President that it seemed that I could not decline it without

offering him a personal affront, and rather than give offense to him, in a moment of weakness I accepted. But it was scarcely fair to ask the youngest insurance journalist—youngest in point of service, I mean—and one so unaccustomed to public speaking, to occupy a position that has heretofore been so ably filled by the most eminent men of your profession and mine. Inexperienced as I am—for my connection with insurance journalism dates back but little over five years—it would be the height of presumption in one who has so much to learn to attempt to instruct the time-tried and battle-scarred veterans I see before me in the theory or practice of fire underwriting. I am not here to treat you to an elaborate compilation of statistics relative to the business, although I confess that the temptation to overhaul the annual reports of companies for the last century or so, and to collate therefrom several bushels of figures with which to overwhelm you and convince you of the error of your ways, has been almost irresistible. But I refrain for several reasons, chief of which is the fact that I am not a professional statistician; another is that, as an amateur, I long ago demonstrated, to my own satisfaction, at least, that unless there were radical reforms in underwriting practices no company could survive a year, and that you who represent them would be compelled thenceforth to earn your bread by the sweat of your brow, or depend upon the free lunches of an uncharitable world for the means of supporting life. But notwithstanding the early decease of fire underwriting has been so often predicted by myself and a score or more of other editorial amateur statisticians, the companies most inconsiderately persist in living, while, judging from the appearance of the present gathering, their various representatives are prospering and waxing fat. As a statistical prognosticator my success has been about equal to that of Vennor as a weather prophet. For these reasons I have resisted that temptation which comes to all persons who are invited to address you, and will neither overwhelm you with statistics to prove how prosperous you used to be, nor with comparative statements to demonstrate how you have fallen from grace. On the contrary, I propose to unfold to you the promise of the future, and give you a glimpse of the business as it should be conducted.

To begin with, I announce to you boldly that I am here before you under false colors, by misrepresentation and deceit. Even the announcement of my name in the programme is an error and a fraud. My proper name is Philetus Aristarchius Boggs, and I have the honor to be the representative in this country of the Franco-German-Anglo-American Combination of Fire Underwriters. I am that mysterious individual regarding whose movements insurance agents and insurance journalists have given forth so many significant whisperings. I am the Khedive of fire underwriting, the Arabi Pasha of insurance, come to release you from that thralldom to which the old stock companies have subjected you. I am here to plant the business of the Franco-German-Anglo-American Combination, and have surreptitiously smuggled myself into your presence under an assumed name, for the purpose

of presenting to you the leading features of our organization, and enlisting in its behalf your sympathy and your services—for adequate compensation.

The Franco-German-Anglo-American Combination is purely a creation of my own. My massive intellect gave it birth, and in return it gives me position. I am both its parent and its offspring. Being naturally of a philanthropical turn of mind, I resolved to originate an enterprise in the interest of my fellow-men that should redound to my glory and profit. I knew that the great and invincible army of insurance agents, solicitors, surveyors, adjusters, etc., scattered through the land, was not appreciated or recompensed as their labors and merits deserved. I knew, also, that there are many capitalists in this country who have more money than they know what to do with, while these struggling thousands of underwriters know what to do with a great deal more than they can get hold of. I conceived the idea of equalizing this unjust distribution of wealth, and determined to bring the supply to the demand, or to place the capital within reach of those who would know how to use it. I knew that in the large cities money was going about begging for some one to take care of it, while capitalists stood in the streets crying aloud for able-bodied individuals to relieve them of their surplus funds. Being an able-bodied individual, I flew to their relief, and the Franco-German-Anglo-American Fire Underwriting Combination is the result. I had only to suggest to such men as Vanderbilt, Astor, Jay Gould, Jim Keene, and a few others of the Plutocracy, that fire underwriting offered greater facilities for permanent investments of capital than any other branch of industry, than they embraced me with joy, and placed their bank accounts at my disposal. I took five millions of dollars to endow the Franco-German-Anglo-American. They constituted me its sole business manager, and I am now ready to begin operations. I want a few thousand live, active agents to represent our interests in all sections of the country, and that is the secret of my being here to-day. A speedy fortune and luxurious ease awaits every man who unites his fate with mine. Cast off your allegiance to the old grinding, soulless corporations that have grown rich from your labor, and henceforth march forward under the banner of the Franco-German-Anglo-American, borne aloft by me—Philetus Aristarchius Boggs.

I may here inform you confidentially that this Combination is purely American in its origin and in its instincts; but as the insuring public seems to have a special liking, at present, for foreign and semi-foreign companies, we propose to satisfy this demand—at least in name. But this is not a company. My capitalists refused to be incorporated. They were so elated when I relieved them of their five millions of dollars that they gave me entire and absolute control of the business—and the capital. By this means they escape all responsibility, and can never be called upon to make good any deficiency. We shall use their names to win public confidence, but if the public ever attempts to put its finger upon them, they will not be there. This arrangement virtually makes me an individual underwriter, on the

Lloyds' plan, and will enable us to carry on business in all States in the Union without being annoyed by any of those restrictions that State legislators impose upon the regular stock companies. We shall have no deposits to make, no taxes to pay, no license fees to disburse, no legislators to purchase, no annual statements to make, no examinations by insurance officials to apprehend. We shall be as free to dispose of insurance as grocers are to sell glucose for sugar or diluted logwood for port wine. With us there will be as absolute free trade in insurance as there is in pork or potatoes, untrammelled by legislative interference, unhampered by official supervision, untaxed by States or municipalities; for that great palladium of our liberties, the Constitution of the United States, guarantees to individuals the right to transact any reputable business without let or hindrance. The Franco-German-Anglo-American Combination, being but an individual, is above the law. The money we shall receive in premiums cannot be spirited away by any State-right process, but will remain with us to enrich our agents and our officers.

My methods of conducting the Franco-German-Anglo-American Combination will differ somewhat from those with which you are familiar. Having conferred a favor on our millionaire contributors of capital by relieving them of a portion of their surplus money, we are under no obligation to them whatever, and shall entirely ignore that little matter of dividends to stockholders that so frequently proves a source of serious embarrassment to the managers of the companies you now represent. All profits arising from our business transactions will be equitably divided between the agents and the officers. In fact, I propose to run this Combination for the exclusive benefit of those who work for it, without any regard whatever for those who furnish the capital. I am aware that this is not an original idea with me, for I can name a number of companies that are practically conducted on this basis; but no other manager frankly announces his intentions as I do. The average stockholder in an insurance company is usually an annoying person to have about; he is altogether too curious as to how the affairs of the company are managed; interferes with the disbursements; complains of extravagant salaries and commissions, and in various ways cuts down the perquisites of officers, to the end that dividends to stockholders may be increased. As a rule, a stockholder is an inquisitive nuisance, and should be suppressed. Nothing of this kind will be allowed to disturb the harmony that must exist in the Franco-German-Anglo-American Combination. Having the capital invested in my name, and absolutely under my control, I am in a position to resent any impertinent interference on the part of those who contributed the funds, and shall not hesitate to show them the door, if their curiosity prompts them to too close inquiry.

As I said before, I want an agent in every city and town in the country. Wherever there is a local board I shall want two. If there happens to be a local board and an exchange or non-board organization, I shall

want three agents. One must be a member of the local board, zealous in its defense, and unremitting in his efforts to establish a tariff of rates. It will always be the policy of the Franco-German-Anglo-American Combination to organize and maintain local boards. It is our policy to have all the companies bound with a compact so tight that none can escape. Our agent must out-Herod Herod in demanding tariffs and binding rules and regulations. At the same time, our other agent will not be in the board, but at full liberty to cut the board rates and get all the business he can. Of course he will share commissions with the board agent, to compensate him for his efforts in tying up the other companies. If there is a local board and an exchange in the same city, we shall want an agent in each organization and another to operate on the outside. But above all things, maintain local boards—in the tying up of the other companies lies our success. While they are bound, our outside agents reap their harvest. The premium is what we are after, and the diplomatic maxim that “the end justifies the means” will be our rule of practice. Come to think of it, I do not believe this idea of double and triple-headed agencies is entirely original with me. I have a vague idea that some of the old companies have, in the language of the street, “worked this racket” before. However, it is a good idea, and if we are not its parent we will at least adopt it.

The question “what is an adequate commission to give to agents,” has agitated existing companies considerably of late, and while a few, not entirely given over to rapacity and greed, are willing to allow 20 per cent. of the premium receipts, others would reduce your compensation to a beggarly 15 per cent. I do not criticise these companies for their illiberality, remembering that insatiable stockholders sit behind the throne clamoring for dividends, but I do congratulate the live, energetic, capable agents, upon whom every company is dependent for its success, that the Franco-German-Anglo-American Combination is not thus restricted. On the contrary, I am here to-day to offer you 50 per cent. of your premium receipts for all the business you can send us. When we consider that the pecuniary success of every insurance company is dependent upon its agents, whose ability, energy and personal reputations are taxed to the utmost to obtain it, justice and equity alike demand that they shall share equally in the receipts with those for whom they labor. It matters not that out of their share the companies must pay losses, taxes, general expenses and dividends. The old Biblical axiom that “the laborer is worthy of his hire” holds good to-day, as it always has, and I construe this as meaning that an insurance agent is worthy of 50 per cent. commission. At least that is what I am prepared to offer you, in accordance with my proposition to divide fairly. It is alleged by the old companies that their losses are so great they cannot afford to pay higher commissions. The Franco-German-Anglo-American Combination will not pay any losses, and, consequently, all its receipts will be available to divide between the officers and the agents. In the ordinary stock company the fire

losses are equal to from 50 to 60 per cent. of the premiums. Paying losses is a foolish and unwise practice the companies have fallen into, and one that I do not propose to follow. It is opposed to public policy, inasmuch as it offers a direct premium for carelessness, recklessness and incendiarism. If a citizen is so careless or so criminal as to permit his property to burn, should he be paid for it? By no means. On the contrary, he should be punished as such malefactors are in China, where, if a citizen is so careless as to lose his property by fire, thereby jeopardizing that of his neighbors, he is publicly bastinadoed. Unfortunately, in the crude condition of our criminal laws, we are not permitted to inflict corporal punishment upon our offenders; but we can touch them in their pockets, far more tender points than their feet or their backs. We shall simply refuse to pay any losses whatever. You agents will be expected to scour the country and write policies upon all kinds of property; we care not what may be the physical or moral hazard; write everything, from non-hazardous private residences to combustible ice-houses and explosive powder mills; get the best rate you can, but in any event get the risk and the premium. In this lies your duty. *Your* objective point is the premium, one-half of which goes to you and one-half to me. Get premiums, and regard not the manner of your getting them. The settlement of losses belongs to another branch of the business, with which you need not concern yourself. Nevertheless, I will tell you confidentially how our losses will be evaded—not settled. Every well-organized insurance company has its adjusters, who go about compromising with and compensating persons who have sustained losses by fire. The Franco-German-Anglo-American Combination will operate on an entirely different plan. When a loss occurs under one of our policies, the claimant will, of course, clamor for his money. We will simply let him clamor until he begins to threaten legal proceedings. Then we will send two or three adjusters, with loaded revolvers and bowie knives, to pounce down upon him, and with profane threats to blow his brains out, induce him to surrender his policy, give a receipt in full, and publish a card in the local paper complimenting the Combination for the alacrity with which it settled his loss. This not only disposes of his claim, but will tend to bring in new business. I had hoped to secure the services of that noted Missouri adjuster, Jesse James, as the head of our adjusting corps, but, unfortunately, a lawful bullet, illegally directed, put an end to our negotiations and Mr. James simultaneously. I have heard of a band of "scalpers," however, in La Salle street, whose services I may be able to secure, who, in conjunction with half a dozen prize-fighters I have engaged in the East, will make an excellent corps of adjusting intimidators. Occasionally a man is found for whom a revolver has no terrors. For such cases I have engaged a number of professional swearers from the police courts of New York and Chicago, who will at any time make affidavit that they personally saw any man we may designate set fire to his premises, and support their statements with such circumstantiality of detail that the man

himself will be forced to believe them. No respectable business man can stand against such evidence of his rascality as we will bring, and rather than have it presented in court, will cheerfully surrender his policy and give a receipt in full, accompanied by the customary card in the local papers testifying to the promptness and courtesy of the agents of the Franco-German-Anglo-American Combination in settling his loss—more advertising for us without the accompaniment of a printer's bill. By these and other devices that will readily suggest themselves, we propose to deal with all claimants for losses under our policies. Recognizing the destruction of property by fire as both a local and a national calamity, we shall steadily refuse to recompense those who recklessly contribute to the impoverishment of the nation.

While the Franco-German-Anglo-American Combination will be an active member of, and in full fellowship with, all organizations of underwriters—the Northwestern Association, the Union, the National Board, the United Underwriters in America, and all State and local associations—it will not be bound by the dictum of any. All orders and regulations issued by such bodies will be duly forwarded by me to our agents, but I want it distinctly understood that they are intended in a *Pickwickian* sense—to be followed where they conduce to our interests and disregarded where they conflict with the policy I have briefly outlined. Why should we be the slaves of any organization or of any clique? We have our own methods of doing business, which are distinct from those of any incorporated company, and we are not to be restricted or embarrassed by the rules and regulations that experience has demonstrated to be necessary for the management of stock companies. We care nothing for the experience or the traditions of other fire underwriters, for these are lights applicable only to the practices and methods heretofore followed. We take a new departure entirely, ploughing in an old and overworked field, to be sure, but avoiding the devious and well-trodden paths of our predecessors. The premium is our objective point, and we go for it by the shortest and most direct route. While the old stock companies may beat about the bush, and become entangled in the underbrush of dividends, losses, reserves, surplus, moral hazard, special forms, etc., we keep the premium steadily in view and steer our course accordingly. The pronouncements of the National Board, the Union, the United Fire Underwriters, and even the Preying Band, fall alike unheeded upon our ears. We enter into no compact that is calculated to rob us of any portion of our premiums. State legislators and insurance commissioners will thunder about our ears in vain; for, being individual underwriters, we are a law unto ourselves, and yield allegiance to no organization of mortal man—unless by so doing we can increase our premium receipts.

The agent will find it easy work to obtain business for the Franco-German-Anglo-American Combination of Fire Underwriters. The name itself is a passport to success, while the fact that Vanderbilt, Astor, Jay

Gould, Jim Keene and other millionaires have contributed its five millions of capital will secure public confidence. Property owners will clamor for our policies, and no insurer will be happy without them. They will take precedence over the policies of any of the stock companies, for it will be assumed that these millionaires guarantee our contracts. With the simple announcement that we are in the field and ready for business, premiums will come rolling in without solicitation. All that agents will have to do will be to take care of their 50 per cent. of them, and remit the balance to me promptly by draft on New York. In a very few months we shall all be lolling in the lap of luxury, and such of you as have not already got fast horses had better be on the lookout for them immediately. I have my eyes already on a beautiful pair and only await the first remittances from you agents to complete the purchase. I look forward anxiously to the day when I can go spinning up Harlem Lane behind two fast trotters, crowding Vanderbilt to the wall on one side and Jim Keene on the other, distancing Maud S. entirely; and casting a cloud of dust over Keene's whole stable. And it wouldn't be the first time, either, than an insurance manager has thrown dust in the eyes of his stockholders or ridden over them rough-shod. But, as I remarked, the work of the agents of the Franco-German-Anglo-American Combination will be easy. I shall exact no morning reports from you—only daily remittances; there will be no inspection of risks to make, for we care nothing for the fire hazard. There will be no solicitation for you to do, for such business as does not come to you voluntarily will be brought by those ever-vigilant, keen-scented, jolly fellows, the brokers, to whom you will make such concessions in rates that they will collect their commissions from their clients. There will be none of that daily routine of office drudgery now required of you by the companies you represent, and no special agent will drop in unexpectedly to disturb your luxurious dreams—unless you become delinquent in your remittances to me. Keep my bank account good, and I care not what else you do. Of one thing you may be assured, the Franco-German-Anglo-American Combination will never write policies at the home office to your prejudice. I know this has been the illegitimate practice of many of the legitimate companies, but the officers of our Combination will be too intent upon spending the income you will provide to indulge in anything partaking of the nature of business. Besides, I entertain the somewhat unpopular idea that the business to be obtained within a given district naturally belongs to the agent whom I have appointed for that district, and that when any of his business is written at the home office he is robbed of his 50 per cent. commission. This may be singular, but it is evidence of the conscientious manner in which I propose to deal with you. The office itself shall not compete with any agent for any business belonging to his balliwick. Whatever of premiums are to be gathered anywhere I expect you to get, and to divide fairly in accordance with the time-honored maxim, "honor among underwriters."

We hear much about the evils of over-insurance and the perils it engenders, because of its being a temptation to incendiarism. From the sketch I have given you of our proposed operations you will, of course, conclude that over-insurance has no terrors for us. On the contrary, we desire every man to take our policies for as large an amount as he can pay for. Property-owners are at liberty to put such fictitious value on their property as they please, provided they pay premiums corresponding thereto. Valued policy laws do not frighten us in the least, and the fact that these make the sum named in the policy the measure of damage in case of loss, shall not deter us from accepting any premium offered, for we shall pay no losses of any kind. Agents, therefore, will encourage over-insurance in every instance where, by so doing, they can increase the amount of the premium. The effect of this course upon the public morals is no affair of ours; we are not the keepers of public morals; our business is to sell as much insurance as possible for the highest price we can get, and if property-owners choose to become incendiaries, thereby defying the fire hazard of the next world, that is their look out, not ours. We will take their premiums if they will only take our policies.

I might continue at length to explain to you the many advantages offered agents by the Franco-German-Anglo-American Combination, but each one of you will be able to see them for himself, and, applying to his own case and surroundings the few hints I have given, will mark out for himself a course that will put money in his purse and mine. I take it for granted that each one of you is possessed of an inventive faculty, and will readily devise new methods for obtaining business, or adopt the practices now in vogue and not here referred to. If you find an active competitor in the field in the person of another agent, buy him off by offering him a larger commission than he receives from the old companies. If he refuses your offers bribe his clerks to inform you as to his lines and his expirations, then go for them yourself. If a successful broker offers his business to the highest bidder, outbid all competitors. Accept any special form of policy an insurer may offer you, provided it is accompanied by a cash premium. The agent who will, under any consideration, permit a premium to depart from him, is unworthy to represent the Franco-German-Anglo-American Combination. Let your premiums be all in cash, although bankable paper need not be refused. Cash is what we need, and it is useless to encumber ourselves with assets that cannot be immediately converted into money in an emergency. Premium notes would not be available in case a sudden journey abroad should be considered necessary for the preservation of the health of yourselves or your manager. Let your collections be in cash and your remittances to me prompt, and in gilt-edged bankable paper.

We shall, of course, meet bitter opposition from the old line companies, but what will this amount to in the face of an army of 5,000 agents, armed and equipped with a 50 per cent. commission? Should they attack us on the

question of nationality, point to our comprehensive and conglomerate title. Should they question our solvency, there are the \$5,000,000 capital safe in my hands. Should objection be made to individual underwriting, ask if the names of Vanderbilt, Jay Gould and Jim Keene, not omitting Astor, are not a sufficient guarantee of our contracts. If it be asserted that the management is weak, ask them when the name of Philetus Aristarchius Boggs was ever identified with failure. No, gentlemen, the tongue of detraction cannot injure us, and the voice of envy can make no headway against capital, enterprise and liberal commission. With your hearty co-operation, for which generous compensation is guaranteed, our new enterprise is bound to meet with a success never equaled in the history of fire underwriting. A new era is about to dawn upon you, and I, Philetus Aristarchius Boggs, professional philanthropist and humanitarian, am the chosen medium for lifting you out of a life of toil and drudgery to one of opulence and luxury. Accept the agency of the Franco-German-Anglo-American Combination of Fire Underwriters, concentrate your natural talents and your acquired energy to the accumulation of premiums, and to you, at least, the millennium will be distinctly visible. Let your motto be "the premium at all hazards," and your line of action a fair and honest "divvy" with your manager, who comes to emancipate you from the thralldom of low commissions and hard work.

There is some doubt, I admit, as to the permanency of the Combination, for in time the public will grow suspicious and eventually give us the cold shoulder. But before it is discovered that our promised indemnity is an adjuster's revolver or a defamatory law suit, our object will have been accomplished, and we shall all be men of fortune. If insurers persist in making unpleasant or personal remarks, the hospitable shores of Europe lie invitingly before us, and there we can pass the evening of our lives reveling in the fruits of our industry and our frugality, as many equally enterprising and deserving countrymen of ours are now doing. As for myself, when the end of the Combination draws near, and the daily remittances from you, gentlemen, become smaller by degrees and beautifully less, I shall gather together the \$5,000,000 of capital that served as our motive power, and, with such other accumulations as I may be able to make, "shall fold my tent like the Arabs, and as silently steal away" to some quiet land where philanthropy and humanitarianism are in demand.

Mr. C. E. Bliven offered the following resolution, which was adopted :

Resolved, That the thanks of this Association are due, and are cheerfully and heartily tendered, to Col. Clifford Thompson for his unique and interesting Annual Address delivered at this meeting of the Association.

The President: The next thing on our programme is a discussion on the topic:

"What is the best way to recompense agents—by an entire direct commission, or by a part direct and a part contingent commission upon profits?"

Mr. Ostrander, can we hear from you on that subject?

Mr. D. Ostrander—

Some two or three years ago I printed a small pamphlet, in which I undertook to discuss the matter of reform in the manner of compensating agents. That pamphlet was suppressed. I did, however, reserve a few copies from the flames, which were sent out, mostly to personal friends. As there were some things in the argument which I prepared at that time which I wish to say to you this afternoon, I will be pardoned, perhaps, for restating some portion of it. I want to reason with you, gentlemen, for a few minutes—a half hour, perhaps. It is a bit dry, but I hope you will pardon me, for I have a great interest in the matter to which this discussion relates.

The Local Agent is no less needful to the business of insurance than is the sunshine to the summer, or the summer to the harvest. In our estimate of ways and means, he has a prominence that marks the limit of our expectations, existing, as he does, a potentiality without which presidents, managers, and all the machinery of a colossal business would soon disappear.

It is the agent, "so near and yet so far," that makes, substantially, all the important contracts affecting the interests of insurance capital. He both plants and plucks the fruit; with persistent hand he gathers in the revenues from which losses and dividends are paid, and we may here add that most frequently to his judgment and integrity, too, must we look, first of all, for the needful protection from imposition and fraud.

But it will not be best for us to conclude that this difficult and responsible office has been assumed because of any vague or problematic interest which the agent may be supposed to have in certain distant and unknown persons who own insurance stocks. The attenuated line that connects the agent and the stockholder is not one of sentiment or sympathy. Their relations are seldom intimate, and embrace nothing that softens to the "touch of nature." This cannot well be otherwise, and any effort to connect the remote and unknown capitalist with the Local Agent by veins of warm, pulsating blood, will end in mortification and failure. We must consider them as distinct entities, operating with different aims, and for results in which the widest distinction of individual selfishness is observable.

Nature requires that every man shall feed himself. Gain is the fundamental law and underlying motive of business. It is the desire to get and to have that quickens sluggish natures, and determines all successful effort; it is the proper and necessary stimulus for healthy action, and marks, with wise and careful concern, the limit beyond which competition cannot safely go. They who engage in manufacturing, traffic, or exchange, regulate their enterprises wholly in reference to the probabilities of profit or loss. No principle is more clearly distinguishable in the nature of man than that of

self-preservation; it has the force of instinct, and is universal in its application; in the sphere of action, its influence is omnipotent; its decisions are absolute and final. Recognizing this primary and supreme law of being, our business operations may be conducted with success; ignoring it, and the otherwise best laid schemes will come to naught.

Even charity and religion, twin sisters of mercy and love, are not wholly images of feeling and sentiment; their feet, hidden by flowers of sympathy and passion, stand firmly on rocks as cold and hard as those on which the purely business enterprises of the world are founded. The charity of the business man proceeds from ideas of utility, and, in its application, frequently expresses more of selfishness than benevolence; it looks chiefly to the supremacy of order and the security of property. But with all its alloy of seeming baseness, it is practical and efficient. His religion may lack the element of tenderness; it may be hard and cold; it is prudent, wise and selfish, and, being such, is good; comprehending the essential wants of society, and organizing the weak and sinful on a solid basis of law and morality.

In underwriting we find but a small space for sentiment; its facts are mainly substantial; they belong to the counting-house, and to the arithmetic of practical concerns; its problems relate to the chances that environ the accumulated industry of society, our homes and subsistence. Insurance companies, it will be confessed, are neither philanthropic nor religious institutions. Incidentally they may serve God, and unhonored, contribute millions to feed hungry mouths and shelter homeless heads. Their mission, however, is one of business; they affect to stand on no higher ground; and the object of this paper is to point out what appears to be a sufficient cause why only partial success has resulted from the most richly endowed and best organized business effort known to the history of modern civilization. In one respect, at least, underwriting is not unlike other business, its success depending on the relative amount of income to outgo, premiums received to losses and expenses paid. How, through the proper adjustment of motive to action, the former of these may be increased and the latter diminished, will be the purpose of this discussion.

Morally and intellectually, the insurance agent differs in no marked particulars from the average of his fellows engaged in the ordinary occupations of life. Many of them, it may be remarked, are very superior men, while others are deficient in character and intelligence, often depraved in habits, and destitute of every business qualification fitting them for the responsible position they are permitted to occupy. The character of a company's business will seldom grade higher than that of the agent through whose efforts it has been secured. There is community in morals and habits, as well as in ideas and trade; like affiliates with like; even the bonds of sin are ties of fellowship, uniting people on the same moral plane in dangerous sympathy. The Local Agent, it will be conceded, depends largely for patronage on social and moral affinities. In no occupation does the law of

attraction and repulsion act with greater certainty than in that of insurance. When the agent is moved by the impulses of a higher nature, is public spirited, generous and warm-hearted, and has cultivation and character, he represents, and is in sympathy with the best element in every community, and under affinite laws, which hold in eternal compact moral and social ideas, he will find a large portion of his patronage coming from the same aristocracy of moral and intellectual worth, who recognize and appreciate his distinguishing traits of social and moral excellence. But it is here desired that special prominence be given the fact that even the best agent will seldom rise superior to the law, making gain the prime motive for action, consistent with which they find their chief advantage and ultimate determination of duty and honor in the one matter of commissions. The strictly conscientious man, who has been taught to pray, "Lead us not into temptation," finds himself environed with temptations that continually menace his integrity, by reason of a condition of things that place his own interests in antagonism with those of the company he strives faithfully, perhaps, in the weakness of his nature, to represent. It is no secret which I am specially privileged to promulgate, that an agent will sometimes unconsciously suffer his interest in the commission he is promised, to influence and even determine his action in regard to the acceptance of a risk. Besides, it often happens that impressions are received through the hidden and mysterious processes of the mind, by means of some occult faculty for knowing and seeing, without clearly understanding the reason why. This small voice, reaching the senses with vague and indistinct meaning, is, in many instances, the only guide, warning the agent of the existence of a bad moral hazard. In such cases, personal interest must be evenly balanced, and the mind free from bias, or these intuitive apprehensions will be ignored or treated as weak and unreasonable fancies.

In the careful examination of "daily reports," the company may be able to judge in regard to the sufficiency of rate, or of the physical character of the risks offered. Beyond this, everything is necessarily trusted to the discretion of the Local Agent, whose interest, in a large proportion of doubtful cases, may reasonably be expected to cloud his judgment, causing him to decide somewhat differently than he would have done had the question of personal interest been eliminated. Again, agents are not always rich, often poor, and the voice of some pressing necessity will contend against duty and conscience. The result of these mental and moral conflicts is frequently well-known to the adjuster, who finds not less than one-third of his work squarely impeaching the judgment or integrity of the Local Agent.

In the ethics of Underwriting we find moral hazards occupying a very prominent place. The conservative company instructs its agent with careful particularity upon all points relating to this important hazard, but does the experienced adjuster believe that there was ever man so utterly vile and untrustworthy that he could not procure a policy of insurance?

Three well-defined classes of persons may be mentioned, whose claims for loss are generally unsatisfactory, and concerning whose right to indemnity, from the circumstances of the case, no one can decide so well as the Local Agent.

First—People of shiftless, dissipated, or careless habits; too heedless or too indolent to use the ordinary precautions against dangers that may be reasonably apprehended.

Second—The positively vicious, and such as do not recognize any moral basis in the management of affairs, who accept no standard higher than that of personal advantage.

Third—"Birds of passage"—men of migratory instincts—should never hold policies of insurance. As the bad humors of the human system are constantly tending toward centers of local inflammation, so do we find in the business world a class who are never content with normal conditions; they are always looking for a boom. Their ships sail only on swollen tides; while the floods continue, they float safely over shoals and hidden rocks, which wiser men have carefully located and learned to avoid at all stages of the stream. This insubstantial tip-toe element is always moving towards some place of exaggerated opportunity for realizing fortunes without labor and without the ordinary skill attending business ventures.

Each of these classes, for obvious reasons, are seldom known to the companies, who are often disastrously involved in the consequences of their carelessness or fraud, until their true character is disclosed on the adjustment of a loss.

The Local Agent enjoys the advantage of a personal contact with the applicant for insurance. The sharpest rogues will sometimes disclose their true character; on unwatched occasions their mask will slip aside, and the "Cain-mark" be revealed to quick, discerning eyes. The agent's opportunities here are supreme, and he may be fully informed in regard to the social and business habits of his customers. The questionable antecedents and erratic methods are easily ascertained, through the channels of inquiry that always open wide to those who seek to make honest and intelligent investigation. There are, of course, many agents who are never wanting in manhood, whose exceptionally upright natures are never-failing guaranties of protection; that considerations of personal interest, however, determine their actions in a majority of cases, is conclusively shown by the large number of fraudulent claims we are called upon to pay, or to resist through doubtful and expensive litigation.

There is still another and a numerous class of agents, grading much lower, who write policies with a criminal recklessness which takes no thought or concern for the interests of the companies they absurdly pretend to represent. Agents of this class, without a substratum of moral principle, and destitute of any vestige of business character, cannot by any known methods be transformed into capable and honest underwriters. Companies

so badly advised in selecting agents, as to have in the management of their local business reckless and unscrupulous men, must suffer the unfortunate results that are likely to follow. It has been true from the beginning, and will probably continue true unto the end, that "they who lie down with dogs will get up with fleas." The average insurance agent is no better nor worse than other men of his generation. He is bone of the same bone, and flesh of the same flesh, has the same ambitions to inspire him, and the same temptations to seduce him. He is in unity with the business world, and regulates his conduct by the same law that governs the operations of the banker, the manufacturer, and the merchant. If he yields to the clamor for lower rates, or writes a risk to which he is conscious that bad moral conditions attach, it is not necessarily in a wanton spirit; the chances, indeed, are largely against such a conclusion. He acts consistent with his own interest as he understands it, and if the company's interests are not protected, it is because the two are not in harmony; and any remedy, therefore, for low rates or demoralized practices of underwriting, which shall be permanent and afford substantial relief, must be found in such changes in the methods of compensation as will make identical the interests of both agent and the company. This may, perhaps, be accomplished in a manner satisfactory to the majority of agents, by reducing the regular commissions, to be paid as heretofore, from fifteen to ten per cent.; then offering a contingent of twelve or fifteen per cent. additional, the latter to be paid at the end of the year, and based on the net premiums remitted to the company after losses have been deducted. Under this form of compensation the prudent agent will, no doubt, find himself more liberally remunerated, and the effect will naturally be to stimulate greater energy and to secure better rates for *himself* and the company. Increased care in the selection of risks would follow as a legitimate result; and in the habitual exercise of better judgment, the profits and reputation of underwriting would rapidly improve. On the other hand, poor underwriting will become as unprofitable to the agent as it is to the company. Under the operation of this plan the man who abandons compensating rates and the safe rules of practice would soon learn to properly estimate the value of both, as without their aid he would find the promised contingent an illusion and a myth. In the aggregate, the amount paid for commissions, under the proposed method, will not be materially greater or less than what is now paid for the same service; it will be distributed, not to each man alike, but to each in proportion to the value of the service rendered. The chief advantage of this inequality will consist in the manifest equity of discriminating for the benefit of the good underwriter, and in the effect it will have in ultimately driving out of the business the incompetent, rate-cutting, reckless element. This class would be compelled to seek other employment, or content itself with the beggarly compensation provided for in the regular commission of ten per cent.

Herbert Spencer once wrote "that Nature never throws a plank to the

drowning man." He who cannot swim must sink. This principle, which is constitutional in Nature, should also be true in business, and applies well to the matter in hand.

Demoralizing competition is not so much the result of a multitude of companies as of a multitude of agents, and any scheme that would considerably reduce the number would relieve the business of one of the most difficult problems that its management is often forced to consider.

Living on a contingent would have its discouragements, when the chronic condition of an agency was one of loss, and by the natural and inevitable processes of selection we shall find good underwriters taking the places of bad ones; demonstrating that in insurance there is no exception to the law, making the "fittest to survive."

When the man who writes the policies, determining as he does in a large majority of cases, the rates, fixing absolutely the limit and character of the hazard a company is to assume, is made by the conditions of his agency to share in the profit or loss of the undertaking, there is the strongest possible assurance that the companies interested will receive the full benefit of his skill and judgment. The unity of interest is perfected, and with the increased care resultant on the part of the agent, will inevitably follow a diminished watchfulness on the part of the company; and it is easy to understand that a mutual respect and larger confidence will grow up out of these changed relations. The business generally, it may be hoped, would feel the elevating tendency, and gain enough of dignity and character to secure for it a moderate share of public esteem.

Confidence having taken the place of distrust, much of the vigilance now indispensable in the supervision of business could be safely withdrawn, and much annoyance and expense saved to both agent and company. Criticisms would be narrowed down to matters of form and errors of judgment. Relieved of all doubts touching the honesty and good faith of motives, the correspondence between local and general offices would be free from reproofs and irritating complaints, and containing but little that could disturb the amicable relations which the interests of business require to exist between those working for a common purpose.

In the adjustment of losses under the mode of compensation here proposed, the agent would seldom be found hostile to a searching investigation, as he would have a direct interest in defeating fraudulent claims and in securing a settlement on a basis as close as honorable dealing would justify. His counsel and assistance in getting at the true inwardness of incendiary jobs would be of enhanced value to the adjuster, and often save the company from well-laid schemes of plunder. As small losses would practically stand as a charge against the agent's contingent, many of this class, having only a slight foundation in equity, and now frequently reported and paid at grossly exaggerated sums by agents' advice or willing concurrence, would be closely examined and satisfactorily disposed of without the expense of

sending an adjuster hundreds of miles to protect the company against imposition. It will, perhaps, be objected that an agent having in his office several companies, only a portion of which stipulate for compensation on the plan proposed in this discussion, and should a loss occur of such magnitude as to wholly cancel his contingent balance for that contract year, the agent, in placing his new business, acting on the principle here laid down, would be likely to discriminate in favor of other companies, thereby realizing more from his agency than he would be able to do should absolutely good faith be maintained in distributing his risks. In cases of this kind the principle, we admit, holds good, and there would, no doubt, be frequent instances where agents would be influenced by considerations of temporary gain, to the immediate prejudice of one company or the other. Still, it is obvious that neither class would be wholly without guarantees of protection. Self-respect, ordinary business faith, and a desire to preserve confidence would prevent abuses of this character becoming so numerous as to seriously jeopardize either acquired or contingent rights. Besides, there are other counterbalancing advantages important to be considered in this connection. Should no fire occur, or at least until one does occur to extinguish the balance standing to the credit of Local Agent on account of premiums already remitted, there is, of course, a strong inducement to favor that company from which the prospect of reward is the best. Such company may, indeed, fail in receiving the largest volume of premiums, but that it will, in most cases, get the choice of risks, is as certain as that human actions are governed by the law of personal interests. The motive would be always present to give business of a doubtful or suspicious character to companies paying the regular commission; while looking to future and more permanent advantage, risks of the most desirable class, earning less premium, perhaps, but promising greater profit, would be placed in that company where the agent's interests were directly affected by the chances of the business.

Man has attained a point in his moral development when his inclinations lead him to do right; he loves justice and honor with an energy of feeling that has acquired strength in the heredity of the earnest resolves that have come from the moral conflicts in which our fathers have been engaged, down through the centuries leading to the obscurity of the past. When there are no complications affecting personal interest, man's likes and dislikes will be controlled by considerations of truth and equity. And now, if we find ourselves the victims of unfriendly legislation or of unsympathizing juries, we should look for the cause less in the perverted sense of right and the obstinate depravity of man's moral nature, than to the abuses that directly proceed from the wretched manner in which our business is conducted.

It would be a most remarkable intellectual and moral phenomenon, should we find whole communities affected with an intense prejudice against a particular profession or business without any ascertainable cause. That this prejudice does exist against the business in which we are engaged, that it is

widely diffused, and often most damaging in its effects, no person of ordinary observation and intelligence will dispute, nor do we have to look long for the cause.

The adjuster is frequently held responsible for wrongs which may easily be traced back to the present method of compensating agents. Was the claimant grossly over insured? Was he badly involved, of a doubtful moral or business character? These momentous facts, pregnant with suspicion, are known to the adjuster after a careful examination of the circumstances attending the loss. He reads lines unseen by others, but luminous, indeed, to him—lines filled with significance, hints and suggestions of fraud, and intimations vaguely expressed of dark and damning crimes. The adjuster's duty in an instance of this kind is to stand unflinchingly and like a stone wall between his company and the thieves who come with lawless hand to waste and plunder. Well, after days of patient, toilsome investigation, and possibly the skillful use of certain technical defenses, the villainous but frightened claimant concludes to make a compromise between his fears and his cupidity, and a settlement is reached on a basis somewhat less than the total insurance. For manifest reasons, the important facts brought to the knowledge of the adjuster are seldom known to the general public. The chances are largely that in the settlement agreed upon the company's rights have been sacrificed to satisfy swindling rapacity, or to avoid troublesome litigation. The judgment of the community is made up from partial and unfriendly reports, from surface facts, imperfect and misleading data, and it declares a great wrong to have been done an unfortunate claimant, and thus it is that these prejudices grow up and take hold on the public mind. The indignation which we are so often made to suffer from is unjust, because proceeding from a mistaken conception of facts. It is not, however, wholly unrighteous, as it comes from a sense of injured rights, and expresses in its passion protests and resistance, that which is best and safest in the hearts and minds of men.

Adjustments of the type here briefly described have become mournfully frequent. It is estimated that thirty per cent. of all the claims we are called to consider belong to this class. They are the grinning skeletons that mock us on the street corners, and invade our quiet hours; they are the noisy, disturbing elements that secure the public attention, and create a hostile sentiment that strikes back at us with vindictive energy from the jury-box and halls of legislation. But who is to be blamed in the matter? Is it the adjuster, who performs his difficult and unpleasant duties with as little bias of personal interest as the judge on the bench? Is it the Local Agent, who, in a very large proportion of these disputed cases, might have seen the end from the beginning, had there been no suggestions of self to distract his judgment or obstruct his vision?

Is it not those rather, that are at the root of the whole offending, who should be held chiefly responsible; those who have made crooked all the

moral and business paths of an agent's life, by placing before him an ever present temptation to put money in his purse by the easiest methods?

When we reflect on the vast sums of money paid in this country each year on fraudulent and doubtful claims, we are amazed at the wonderful elasticity of a business that does not break under the pressure of such gigantic abuses. But the millions annually swept away by the stealthy hand of the munificently bribed incendiary, to be charged up against the homes and merchandise of honest toiling men, does not represent to us in any adequate manner the moral debauchery involved in this destruction and misappropriation of wealth. With an increasing consciousness of the close relations we sustain to the identical wrongs of which we complain, there comes to us, in our reflective moments, an uncomfortable feeling of compromise and qualified respect. With this growing sense of degradation, of a lowered social and business status, we cannot fail to realize that the enormous waste resulting from over insurance and the loose practices of underwriting has become an evil more disastrous in its results, as affecting society and its economies, than bad governments or blighted harvests.

Let us suppose that of the \$100,000,000 of property burned last year, we estimate that twenty per cent. was a loss directly resulting from such frauds as might have been prevented by the exercise of such a degree of care on the part of the agent as it would be reasonable to expect under the contingent plan; we then find that the property of the American people is taxed \$20,000,000 a year to perpetuate this system of criminal folly. Whether the value of the property sacrificed be greater or less, the principle contended for is the same, and the undisputed fact that the sum annually paid on fraudulent claims extends into the millions, raises a question which we may some time be forced to consider, whether the whole business is not productive of more evil than good, and whether, in fact, it should not be suppressed in the interests of morality as well as in the interests of property. Property owners, and those, too, who are wrestling with social problems, in which are still undetermined the golden opportunities of humanity, will come erewhile to find interests in this matter in which they are directly concerned, and unless some very radical reform is entered upon, we shall be required to answer for the waste we are causing; we shall be charged, and not unjustly, with bringing into our extended business relations a baleful and debasing influence, encouraging weak and naturally evil disposed persons, by suggestions of easily realized rewards, to the perpetration of the worst crimes known to modern society. There is incorporated with the growth of this marvelous age an altruism that is full of generous promise. The plain of to-day is the lower level of to-morrow; all things are struggling under higher lights for the honor and dignity to which our aspirations point, and which lie within the compass of reasonable effort; and wherefore, may we ask, should the insurance profession be an obstruction in the path of advancing civilization? It belongs to the highest orders of business undertakings; it

has no interest that can be promoted by the increase of lawlessness and the degradation of man.

The positions held by State and Special Agents are in no sense exceptional in regard to the rule regulating compensation. A direct personal interest in the profits or losses of the agencies they are appointed to superintend, will be the best guarantee of efficiency and good faith in the performance of their duties in the field. A proprietary interest, to the extent of sharing with the stockholders the good or ill fortunes of the business, would give this class of officers a more positive influence, not only with agents, but also with claimants and other patrons with whom they are brought in frequent contact. In form, their position being less servile, would command greater confidence and respect; competitive effort, in its broad and liberal sense, would develop the need for tried talent and the best type of moral and business character. Increased diligence and lessened expenses would result as certainly as effect follows cause. A supreme motive supplied, the field men would go forward to their difficult work of appointing agents and supervising business with lighter hearts and stronger purposes, with faculties alert and vigorous; and in many instances, too, with an intelligence quickened by a sense of the personal responsibility attaching to all they do. The work of correcting abuses and reconstructing this business belongs chiefly to the Field Men and Local Agents. Managers and general officers may prescribe conditions, but no healthy and normal action can be permanently secured, except by such a radical departure from the present mode of compensation, that in promoting the best interests of their companies Local Agents will not be required to antagonize the strong and almost irrepressible inclination which nature has given them, to "first help themselves." In most conflicts of this kind, it will be found that the instinct of self-preservation will rise superior to the artificial obligations growing out of the relations between principal and agent.

The insurance company acts largely in a fiduciary capacity; it holds and performs a public trust—collecting premiums from the many with which to pay losses to the few. If, because of the general prevalence of fires, the claims for indemnity are large, the revenues of the company must be increased by means of enhanced rates, and if losses for any extended period are light the rates of premium must inevitably be diminished. This, it will be understood, is a matter that will be regulated by the law of business, and only within narrow and restricted limits is subject to any arbitrary control. If under favorable circumstances and conditions the profits of underwriting rise above the point that is acknowledged to be fairly remunerative new companies are organized and the capital already in the business will be stirred with a sudden impulse to the abandonment of conservative rules. Competition will engage with the reckless energy of intoxication, and speedily rates drop again to their normal level. The underwriter then has but little else to do than to perform his trust with good faith to the public,

and in a way that will not lower the standard of his own manhood. No advantage can be gained by placing ourselves in conflict with the inexorable laws of trade. It is our right and our duty to so direct the management of our affairs that all men may truthfully say of us,

"Thou art a fellow of good respect,
Thy life hath something of honor in it."

When we tempt the Local Agents to collude with incendiaries and thieves we must share with them the responsibility of their folly and crime. People who insure their property that they may be protected in a legitimate manner have very generally come to understand that their own prudence is taxed and encumbered with burdens that they ought not to bear. This condition of things cannot permanently endure. Society has an interest involved which it must and will vindicate. Morality is outraged, and the law spurned and spit upon by those who most need its protecting arm.

The interests of capital are those of morality and order; its highest advantage comes with the repose of society and the enforcement of the laws.

Between the two extremes of society there is no chord of sympathy and fellowship. Notwithstanding all that has been said and written about their mutual dependence, wealth and poverty in spirit and purpose are as antagonistic as fire and water. The rich have always oppressed the poor, and in turn the poor have always hated the rich. The great peace-loving, peace-making, conservative middle class has interposed between these embittered and embattled elements, a broad zone of mutual friends who have manfully and hopefully struggled for more than thirty centuries to uphold justice and preserve society by repressing the grasping tendencies of wealth on the one hand, and moderating the passions, the disintegrating and destructive hatreds of the ignorant and unfortunate poor, on the other hand. Without the protection of this middle class the capital of America could not continue in the hands of its present owners for a single month. Twice within a hundred years the leveling hand of communism has reached across the narrower neutral ground found in French society, and torn away with its mad and almost barbarous vengeance the distinctions of property and rank. Capital here and elsewhere should be very careful that nothing is done to weaken the virtue and increase the distrust of the thrifty, intelligent middle classes.

A \$100,000,000 of capital in the United States, operating through 20,000 agents, must of necessity exert a powerful influence upon the business morals of our country. If this influence shall be malevolent, slowly sapping the foundations of principle and causing men to be less upright and law-abiding than they otherwise would have been, it would not be strange if a watchful and enquiring age should ascertain the fact and place the responsibility where it belongs.

The President: Are there any further remarks on this interesting topic of agents' commissions, and how paid? I think we ought to hear something from the other side.

Mr. J. M. DeCamp—

If you sweep all agents into one indiscriminate class, governed solely by a sordid desire for gain, Mr. Ostrander's argument is sound, and, perhaps, conclusive. But to my mind, without discussing the relative merits of the two methods of compensation, the evils complained of by the direct method could be corrected by companies looking well to the character of their agents. If a company should secure only those who were of tried integrity and judgment, and high, honorable character, there would be very little temptation to take bad risks simply for the sake of the commission. I believe there are many agents—indeed, a majority—who are influenced mainly by considerations of their company's interests, and will write only on such risks as they can conscientiously approve, and which will bear inspection. Not only should a company select first-class agents, but their special agents and inspectors should be men of intelligence, familiar with values and the nature of hazards, and who, in supervision, have the nerve and firmness to rid the books of disreputable risks. The employment of such agents and special agents would check any tendency to evil from direct commissions.

Moreover, agents are often charged with putting bad risks on the books from selfish motives of commission, when, in fact, the companies, or managers, or special agents often drive them on to it by too much spurring for business. Many companies, not content to do fairly or reasonably well in a State or section, are making the mistake of supposing they can conquer an ascendancy in every town, when the fact is that there are so many companies that each town has not the capacity to yield each of them a large business; and companies that have a large business in one place, must expect to have some places where their receipts are small. Much is chargeable to the poor agents that properly is the result of bad management and blunders on the part of the companies. I stand here, not as being experienced as a Local Agent, but as one who has been long in the field, and who sympathizes with their efforts for business; and I believe that the majority of agents are above the temptations to do a reckless business by a direct commission.

Mr. C. C. Hine—

There was one point brought out by Mr. Ostrander upon which I may, perhaps, be able to throw the light of experience. In doing so, however, I shall neither agree with him nor with Mr. DeCamp, who has just sat down. In a company which at one time I had the honor to represent, this same discussion came up; and while nothing of the elaboration and perfection that we have listened to to-day came into our counsels, it was perfectly obvious to our minds that if we only could devise some plan whereby the interest of

the company and the interest of the agents could be harmonized—could be made one, instead of being made antagonistic—we should solve the problem, secure the best business, have the co-operation of the agents, and so get these advantages which Mr. Ostrander has so graphically described. And after a time a plan like this was adopted. We offered to our agents the option: they might continue on as fifteen per cent. agents, or they might take ten per cent., with an additional ten per cent. contingent upon the net profits. It is suggestive that not a large number of the agents, not more than forty or fifty out of about 700, accepted the option and undertook to operate upon the ten per cent. contingent plan.

Invariably this thing occurred: As soon as a loss took place at one of these agencies, our business ceased. And it was simply an illustration of the human nature which has been set before us as being prevalent among Local Agents, as well as other people. But the fact was one that we could not dodge, so that our agencies became divided into two classes, viz.: fifteen per cent. agencies and twenty per cent. agencies.

I will not undertake to say that beneficial results did not reach us through a better selection of risks, a better rate of premium and a higher standard of practice at those twenty per cent. agencies. But this one thing immediately occurred: our business ceased as soon as a loss occurred at one of the contingent agencies. It was upon that one point that I thought I would like to spend about two minutes, and I thank you for your patience.

The President: We are always glad to hear from Mr. Hine.

Mr. J. L. Cunningham—

Just a couple of suggestions on this question. In the first place, the plan proposes that we pay ten per cent. direct commission and ten or twelve on the profits of the year, calculated upon the net amount of premiums paid, deducting the losses. We will follow that out. An agent would only have to increase his business very fast for several years and then give up the contract, when he would have received a commission on business that finally proved in the carrying out of it by the company a loss to them.

One other difficulty is that an agent could not afford to do business on that basis, for the reason which Mr. Hine says, that his field is too limited to get him an average, because a small loss would wipe out his contingent rate.

One other difficulty is that the companies must do their business on the rules of average, and the expenses must be averaged, rates must be averaged, commissions must be averaged.

Now, I will just suppose a case for your consideration. Supposing that an insurance company has 200 agents, and they each average \$1,000. We will say that is net, except as to those that have losses. They send to the company, not counting losses, \$1,000 each, each year. That is \$200,000. Ten

of those agencies have \$20,000 losses each. That is \$200,000. The company has not made anything on the field; but 180 of those agencies have made \$1,000 each, and the company has paid an extra commission on \$180,000 that it has not made, but which, of course, these agents have made in their various agencies, and you may say that each agent has the benefit of the profit which he has made. That may be true, and yet the law of average affects the company, so that they have actually paid a commission on profits of \$180,000, when their aggregate business was an actual loss.

I would suggest this further, that the experience of insurance managers will be that the majority of agencies, taken by numbers, make money for their companies. Losses occur here and there, and often the large losses, or the agents that lose the most money, are those which are not responsible for the losses. Conflagrations or large fires will occur in agencies where they are not to blame for it; and really, the number of agencies that have lost money are few as compared with the number that have made the money, as losses are few as compared with the number of risks taken.

The President—

Before we call this discussion closed, I would like to say that I have understood the experience of the companies on this subject—that have tried the extra and tried the straight—to be that the extra commission upon profits works well in those agencies that are rather large in their aggregate amount of business, and can stand a small loss, or even a forty per cent. loss.

Mr. David Beveridge, chairman of the committee on the death of our associate, Joseph S. Harris, made the following report:

Mr. Joseph S. Harris died in Cincinnati, O., December 15th, 1881, and though not unexpected, the news of his decease was sudden to many who had but recently been cheered by his sanguine letters. He was born in Rochester, N. Y., in 1840, of parents whose Holland-Scotch descent transmitted tenacity of purpose, integrity and patience as the marked characteristics of our departed friend. Commencing local insurance practice at Cleveland, Tenn., in 1867, he shortly after began field work, serving successfully in varied trusts the Underwriters' Agency of New York, the Andes Insurance Company, the Cleveland Fire Insurance Company, the Franklin Insurance Company of Philadelphia, and the Insurance Company of North America, until in April, 1874, he became Associate Manager for the Northwest of the Niagara Insurance Company of New York, remaining in that until 1879, when he accepted the General Agency of the Metropole Fire Insurance Company for the Western States, which position he held at the time of his passing away. He was one of the early members of this Asso-

In Memoriam.

1882.

Joseph S. Harris,

Chicago, Ill.,

General Agent Metropole Fire Ins. Co.
Of Paris, France.

Died December 15th, 1881.

Aged 42 Years.



ciation, contributing much to its effective work and popularity, and adding to the literature of the business two articles on schedule rating, adopted by several of the early State Boards. He was active and patient in obeying the prosaic voice of duty, and when aware that his time here was limited by that insidious and fatal disease which carried him off he worked with an energy which was heroic. It is customary to eulogize men who meet violent death courageously, but he who can wrestle alone with a fatal disease, can see the shadow of death daily growing stronger and darkening his pathway, and know that each day brings him nearer the separation from all he loves, and yet be manly, calm, and even resigned, is the greater hero.

"The falling pulse faint beats and slow,
Life's lamp is at its faintest glow—
A sigh, a fluttering—all is o'er!
No sound breaks from the distant shore;
The waves flow calmly as before—
All is rest!"

Resolved, That as an Association we gratefully recognize the services rendered by Joseph Sprague Harris, and in losing an associate so genial and helpful, we all feel a personal bereavement.

Resolved, That we tender to his afflicted family our sympathy; also that a copy of these resolutions be forwarded to his son, and be entered in our Proceedings.

DAVID BEVERIDGE,	} Committee.
THOS. J. ZOLLARS,	
I. S. BLACKWELDER,	

Mr. W. F. Fox—

It is a pleasure for me to bear tribute to the worth of our late friend, Mr. Harris. It was my good fortune to know him as early as 1868, in Piqua, Ohio, where he was a local agent. I have known him intimately from that time up to the time of his decease, as local, special and general agent, and in each of those positions I found him the same intelligent, conscientious gentleman, and faithful and careful underwriter. I do not know of a local agent whom I have visited that gave me greater satisfaction than Mr. Harris. I found him so intelligent in his comprehension of his business, so manly in the management of his business, taking care of his company's interest rather than his own, that I admired the man the first time that I met him. I venture to say that few of us ever stood as high in the estimation or respect of our companies as Mr. Harris. He was so exceedingly conscientious in the discharge of his duties that he would frequently reject business that other agents would be glad to receive. It was in that discipline that he acquired the reputation which is now so fully awarded to him.

Language fails upon occasions of this kind to express the tender feelings which often exist between men in our profession. We grow up, as it were, like children together and become as brothers in our later years; and when we lose one of our fraternity it seems as if we had lost one of our family. It

was so with regard to Mr. Harris. I feel as if I had lost in him one of my best and staunchest friends, for I know that no one knew him better than I, and none knew me better than he. Again, I say, it is a pleasure to speak of the good character of Mr. Harris in every position he occupied in our profession.

Mr. H. K. Lindsey—

It is not needed that I speak before this Association of Mr. Harris in his active business life. You all, or most of you, knew him as a model of system, perfect in all his work; but open his desk, and you would see neatness and arrangement. What else could we expect except to find all the business of his life done in a perfect manner?

He fought death very hard. Through the long months the disease that he had, made inroads upon his constitution, yet he was ever good. I saw him on his return from Florida. After he had stopped at New Orleans, Memphis and Bowling Green, as resting places, he reached Cincinnati weary and worn. I was the only one there of his older friends who could communicate with him and be with him often. I made it a habit in his last sickness of going to his room daily. I spent a half hour with him but an hour before his death, and never have I seen a man more hopeful of life than he was at that time, so deceptive is that fearful disease which carried him away. He said, "just feel of my hand; the tissues of life are being added again." And his physician was there with him. And in the face of death I felt it was a time to be honest, and I told him that he had little to rely upon; that he ought to look to the future, and a very immediate future, for I had no confidence in his recovery. And the physician joined the disease in deceiving him, and said, "I fear, Mr. Lindsey, you have no faith." "None, whatever, in his recovery." I felt that I dared not leave his bedside without saying so. But he said, "just feel my hand again."

After spending a half-hour with him in talking about his affairs and condition, I left him. I had barely got seated at my desk in my office when a telephone message came that he was dying. So ended this life with Joseph S. Harris. Our hearts are drawn towards him in all his life relations, and we may well say, "Peace to his ashes."

Mr. R. J. Smith—

I feel that this occasion ought not to be allowed to pass without adding a few words, at least, at the risk of taking up too much time. I, perhaps, was as well acquainted with Mr. Harris as any one in the fraternity, individually, having met him as long ago as twelve or fifteen years, at least; and was intimately acquainted with his methods, his plans of action, his desires and his work. And in all my acquaintance with insurance men throughout the country (and it has been somewhat extended), I believe I have never met a man who possessed all the qualifications of a perfect, professional insurance man to any larger extent than Mr. Harris. There are some of us, perhaps,

who have peculiar qualifications in one way or another. We may be free with the pen or ready of speech; we may be able to captivate those whom we desire to have our friends, in one way or another; but Mr. Harris possessed all these qualifications in an eminent degree. He had the system of his office so perfect that he could turn at any time to anything that you might call for, back for years, ever since the beginning of his office. And some of the offices in this city to-day are using his methods in their books, and his reports and files.

Mr. Harris was eminently practical in all he did. In the adjustment of losses I do not think he had a superior. He considered well everything that he intended to investigate, and he did his work in such a quiet, unassuming and thorough way that he always made friends of everybody that he came in contact with. The profession, indeed, lost a model man in every sense of the word when they lost Mr. Harris. Too much cannot be said upon this subject. There are others whom we have lost who possessed to an eminent degree the same qualifications, but there are none who had them all to such a degree as Mr. Harris.

Mr. DeCamp: I move the adoption of the resolutions by a rising vote, and that they form a page in our Proceedings, and a copy of them be sent to the family.

The resolutions were adopted by a rising vote.

Mr. Lyman, from the committee on the death of Capt. Wm. Ashworth, submitted the following report:

MR. PRESIDENT AND GENTLEMEN:

It has become the mournful duty of your committee to frame in words the sorrow we all can but feel in the death of an associate and brother, and to embody something of our grief, which yet words can but faintly express, in brief

Memoriam.

Capt. William Ashworth, so long known to us as an able underwriter and an honored member of this Association, has, since our last meeting, passed from the scenes of his labors among us. His brave spirit has been at last overcome by the enemy he fought so persistently for years, and weary with the unequal conflict he lay down to his peaceful sleep. And to-day we pause to give utterance to our grief at his loss, to testify to his noble virtues, to honor his memory and to offer our sympathy to those who are left in the darkened home. His unswerving fidelity to the interests intrusted to him, his devotion to his chosen calling, we shall ever remember. His steadfast friendship, his courteous bearing to all, his unvarying kindness towards those less skilled in the profession than he, his defense of right and hatred of wrong, were a part of himself and cannot be forgotten. We remember, too, his home life. Into that sanctuary none ever entered but to be at once

impressed with the affection each member bore for the others. In it he was the loving husband, the tender father, the beloved head of a Christian household. We recall his unflinching courage while struggling with disease, his cheerful bearing during all those years of suffering in the unavailing battle for life, and his serene composure when the end at last came.

Deeply sympathizing with those to whom he was most dear, and sorrowing for our brother and friend, we leave him here.

"Life's more than years. He who begins his work at early day,
The crown of glory often wins ere noon has passed away,
And enters in his manhood's prime the rest of an eternal time."

Resolved, That in the death of Capt. Ashworth this Association loses a most worthy associate and valued member; and we desire to express our high appreciation of his Christian character, his ability as an underwriter, his untiring energy and perseverance, which enabled him to successfully cope with every difficulty and to efficiently fill the various positions in his calling, from an obscure local agent to manager.

Resolved, That while we deeply deplore his loss, we yet bow in humble submission to the Divine will, and we tender to his bereaved household, across whose threshold a shadow must ever fall, and by whose fireside he found one empty chair, our heartfelt sympathy; and we reverently commend them to Him in whom our brother trusted, for consolation and comfort.

Resolved, That a report of these proceedings be placed upon the records of this Association, and that a copy be sent to the family of the deceased, and also furnished to the press.

E. W. LYMAN,
F. VAN VOORHIS, } *Committee.*
J. L. WHITLOCK, }

Mr. A. P. Redfield—

I move the adoption of this report, and in doing so, wish to bring my little sprig of laurel. It seems almost a repetition to say anything after the most excellent and glowing tribute which was paid to our departed brother in the address of our President this forenoon, and then in this resolution now submitted to us; but, having known our departed brother not only in a business way, but also in his family and social relations, I take much pleasure, though a very sad pleasure, in bringing my little tribute to his sterling qualities both as a business man and socially as a husband and a father.

As I said on another occasion, I shall never forget—have never forgotten—the great courtesy and kindness extended to me when I first met Captain Ashworth. The first trip I ever made in the field I met him at the Leland House, in Springfield, Illinois. I was a perfect stranger to all field men, and as I was spending the Sabbath there, I met on Saturday before a large number of the brethren who were there, some of whom are on the floor here to-day. With no acquaintances and feeling quite timid among those

In Memoriam.

1882.

William Ashworth,

Chicago, Ill.,

Late General Agent

British America Assurance Co.

Of Toronto.

Died July 6th, 1882.

Aged 54 Years.



who had spent so long a time in the service, I felt that I was almost alone. I shall never forget the kindness with which Captain Ashworth sought me out. Seeing my name on the register, he came to my room and took me from room to room, and introduced me to the brethren there—men whom all the profession delighted to honor at that time. I shall never forget his kindness and courtesy then.

And in the acquaintance of eight years that followed, I never found that kindness and courtesy to fail, except, perhaps, sometimes when, under great debility and suffering, his nerves were taxed beyond what they were able to bear. But his heart was always true and full of kindness to his fellow men, as well as to those principles of right and justice that we all know were under his whole being and his whole action.

In his home I do not think I ever met one who was more kind as a father and a husband, or a family that was more closely united in their relations and in their love and sympathy for each other. We shall hardly ever find one where the principle of right and justice always came to the surface, as it did with our brother. And so I feel that I cannot allow the occasion to pass without offering these few words of mean tribute, to be sure, but a heartfelt tribute, to our brother who has gone on before.

I saw him just before he went, and it was a remarkable thing to me that while he realized that he was just leaving this world, and while his interest in the other world was so great, when I said to him, "You have been a long time sick," he said, "Yes, and I get a little impatient sometimes, but I know that whenever I do go my home is ready on the other side." And yet, at that very interview, he showed to me an intense interest in the insurance business, and in the affairs of that business here in Chicago—showing that while his interest in this world would seem to be growing less, and his interest in the other world greater and greater, yet he did not lose his hold and his interest in the things here. It seemed to me to be an admirable illustration of how we may all be looking forward to a home there, and not lose our interest in our homes and our business relations here.

Mr. W. B. McCord—

It has been my privilege to have known Capt. Ashworth perhaps as well as any other man upon this floor. The remarks that have been made cover almost the entire ground. The prominent features of his character were properly alluded to in the President's address this morning. That peculiar respect for the right was prevalent in all his actions. He had a contempt for wrong that was equally as strong. His friendships were as characteristic as those other features, and he carried with all this the most careful observance of the amenities that belong from one man to another.

For a time my relations to him were those of a subordinate. With no one with whom I have ever worked have I been so strongly and closely brought into sympathy by his manly conduct. I could not let this occasion pass without testifying in as strong a manner as possible to his worth in every sense.

It has been my privilege to meet him with his family, and his relations were as marked there as anywhere else—peculiarly so. His bearing in his family was that of the strongest kind; and when it came to the last, but a short time before he died, he and I had arranged for business relations. I had very little confidence in the consummation of these business relations. I called on him perhaps a month before he died, or a month and a half, merely to keep up appearances, and he came out and said: “Well, I have seen my physician, and he tells me that I must go; that I cannot go into business; that my time is too short.” And it was alluded to in a business way. He contemplated the change as if it was but a change of life. And so he passed down, and has gone out of our sight, but will not go out of our hearts.

On motion the resolutions were adopted by a rising vote.

The President: The next thing upon the programme is: “A Lesson in Rates Upon the Blackboard,” by C. H. Case.

The Secretary will please read this letter:

CHICAGO, Sept. 4, 1882.

W. B. CORNELL, ESQ., PRESIDENT.

My Dear Sir: I have just returned from roaming through country—much too deep to bring in my team. Expect to go after it to-morrow. Impossible for me to blackboard this year. Thanking you for your courtesy and marked attention in this matter, and praying to be excused, I am, ever yours,

C. H. CASE.

The President: The next thing upon the programme is the discussion of a certain topic which, with your pleasure, we will pass to listen to an article from Mr. Geo. D. Dornin, of San Francisco.

Mr. Dornin, Manager of the Lion Ins. Co., then read the following paper:

TIDINGS FROM THE PACIFIC COAST.

MR. PRESIDENT AND GENTLEMEN OF THE ASSOCIATION OF THE NORTHWEST.

During the many years which have passed since, amidst the ruins of this great city, I met and was so kindly made welcome by the assembled Adjusters of the East and West—many of whom I address to-day—I have had an earnest desire to meet you in one of these very interesting and instructive meetings of your Association, and this desire prompted the response to one of those persuasive epistles for which your worthy President is so conspicuously noted, and brings me before you to-day, bearing tidings from the Pacific Coast and greetings from your sister Association.

But it is not alone the desire to renew old associations which has moved me to the acceptance of your President's invitation. There lies behind it another which is of greater importance to the interests which I individually represent: to listen to the discussions and debates upon the live topics which are presented in your programme—topics which reach the very foundations of our insurance practice, and underlie its success or failure.

Bringing out, as these ought, the views of practical men, the discussions cannot fail to leave their impress upon every one present who deserves to advance in and with his profession.

It is one of the manifest disadvantages under which we labor, that we do not oftener come together to discuss measures of this kind. Our Local Boards fall short of their measure of usefulness, in that they are apt to become mere rating machines, and expediency takes the place of the more substantial grounds for our associated actions.

We are absorbed in the daily routine of our labors. Our minds are weighed down with the pressure of constant anxiety in this most trying profession, and we rarely see the way clear to step aside upon the higher plane and look over the entire field. We fancy, perhaps, that we have discovered the golden rule of success for ourselves, and we file a "caveat;" we demand that our associates, who are struggling at our side, should discover for themselves a path out of their difficulties.

Do not understand me as suggesting that those whose larger and, perhaps, costly experience has given them the knowledge of the rocks and shoals upon which others have foundered, should be expected to impart this knowledge to others, but there are measures and rules of practice which are so vital to the general welfare that associated efforts should be brought to bear to encourage and extend them. Hence the value, in my opinion, of this important departure of your Association, in the introduction, among the stated papers to be read, of these live topics, and I come to your meeting with the firm conviction that out of these discussions will come thoughts and suggestions which will have value, not only to me and to my company, but to my associates on the other coast, and in this belief I find justification in crossing the continent to meet with you.

The subject of my paper is suggested by your President. I am not certain that it will add much of instruction or of profit to your session, but it may serve to enlighten Eastern underwriters upon the conditions of business, the methods pursued by their brethren on "the Slope," and the efforts which have been made to keep back from our Coast business the tide of demoralization which has so nearly overwhelmed the underwriting interests east of the Rocky Range, and which your Association and its kindred organization, the Union, have done so much towards checking and overcoming in the West.

Just where to draw the line between dry statistics and more general facts, between rhetoric and arithmetic, so as to entertain and at the same time

instruct, is a matter of doubt. I shall, however, burden you with but few figures.

No story of the conditions of our Pacific Coast Underwriting would be complete without a statement of what is involved in the business which our Coast underwriters are struggling to handle—the field of operations and the figures representing the annual revenue of our fire insurance companies.

The field of our companies, general agents and managers, embraces all the States and Territories bordering on the Pacific, and includes the interior State of Nevada. This may be said to comprise the exclusive jurisdiction of our Pacific underwriters, and is operated under a system established more than two decades ago by our San Francisco Board of Underwriters. Those of our local companies which do a general business, and several of our managers of foreign and eastern companies, extend their operations as far east as the Rocky Mountains, and take in Colorado, Utah, Montana, Wyoming, New Mexico and Arizona, but are there met by the system and rates established by the Western "Union," or competition from farther east. In treating my subject, therefore, I shall consider only the field proper of the Pacific Coast Underwriters.

Without an exception, I believe, the business of the Coast is managed from central offices in San Francisco, under General Agents, or officers, to whom all local or district agents report.

The vast territory which I have outlined, over which their operations extend, has a population less than half of the single State of Illinois, or about two and a half times that of the City of Chicago. It has few considerable cities or towns compared with the territory covered by the operations of your Association.

The City of San Francisco, with 250,000 inhabitants, comprises a little under one-fourth the entire population of Coast States and Territories, and contributes fully one-third the entire insurance revenue.

Outside of that city we have but five cities of over 10,000 inhabitants, and not half a dozen others exceeding 3,000 inhabitants. A large proportion, even of the more pretentious towns, are in an inchoate condition, as far as substantial buildings, the introduction of proper safeguards, and prevention of fires are concerned. The pioneer town-builder, whether the foundation of his town be the projected railroad or the development of new mining enterprise, has a happy disposition to trust to luck, and will ignore the necessity for perfect chimneys, or the hazards of a cotton ceiling, until the inevitable "fire-fiend" accepts the invitation to the banquet prepared for him, sweeps away the timber town, and prepares the site for a better order of things, if happily a better order of architecture may follow.

These towns, scattered along the valleys and through the mountains of our Coast, are connected by a railroad system which has a monopoly of the transportation facilities by equally expensive stage lines, or "buck-board" routes in the newer settlements. The great distances to be traversed, and the

monopoly referred to, render the cost of special and adjusting service and general working expenses exceptionally high, as compared with those further east.

But, however difficult of access, or however forbidding the physical conditions of these timber towns may be, the omnipresent signs of the insurance agency may be found in them in numbers sufficient to create the necessary competition to make business "lively."

Away off on the northern frontier, following the road-builder as he hews a path through the forest and lays down the iron rail, may be found the special of the enterprising insurance company preparing to establish his agencies, so that his company may "grow up with the country" and make whatever fame and capital it may by the "prompt payment" of its losses in the first great fire. Through torrid Arizona, and in the ancient cities of New Mexico, just awakening to a new life of enterprise and progress, the insurance man keeps pace with the pioneers of a new civilization.

Outside the cities and towns our specialties are comparatively limited. The insurance of growing crops, while yet in the field or in the stack, has, in recent years, been looked upon with favor by the few more venturesome spirits, who, despite the long season of drought, are ready to discount the chances of rust, smut, a "norther," or any other of the ills to which a grain field is heir to, and pledge their company's capital and assets to give the producer as much per acre if his field burns as the owner can persuade the accommodating agent to cover upon his prospective crop.

Following the ripened grain from field to warehouse, and we have another line of specialty for which extra efforts are made and extra inducements held out. This is a large and important interest, governed, in its aggregate opportunities in California, by the seasons—a dry winter or a wet one measuring the value of the difference in the harvest and consequent insurable values, by millions of dollars. The climatic conditions of our field are also peculiar. California and Nevada, as you know, are without rain from May until November (often later), and during this long interval the sun in a cloudless sky, with torrid heat, dries everything as if in a kiln, preparing all wood for prompt ignition and rapid burning.

Such is the field of operations of our Pacific Coast Underwriters, producing an annual revenue of about \$5,000,000, the exact figures, as given by the enterprise of the *Coast Review*, being \$4,938,327 in 1881, and \$4,655,172 in 1880.

Of this revenue, in 1881—

San Francisco contributed,	-	-	-	\$1,814,594
California, outside the city,	-	-	-	2,007,033
All other Pacific Coast territory,	-	-	-	1,116,700

To transact this business, there were on the 31st December last, 95 companies. Of these 8 were local to California, 58 from other States, and 29 foreign.

On the San Francisco business of 1881, the—

8 Locals received,	- - - - -	\$388,444
58 Eastern,	- - - - -	512,938
29 Foreign,	- - - - -	913,212

California contributed to the—

Local Companies,	- - - - -	\$196,028
Eastern Companies,	- - - - -	655,708
Foreign Companies,	- - - - -	855,301

All the other territory resulted in gross revenue to the—

Locals,	- - - - -	\$306,076
Eastern,	- - - - -	302,374
Foreign,	- - - - -	508,250

You will readily understand what an army of men is employed, directly and indirectly, to handle these five millions of premiums. That the volume of premium does not keep pace with the development of the field and the creation of new values, is seen in the figures drawn from the tables presented by our enterprising Coast journal, from which we find that the amount written in 1876 on California business was \$236,000,000, producing \$3,703,179, and in 1881, \$262,687,236, yielding \$3,821,627—an increase of \$26,000,000 written, with but \$40,000 more to carry it.

That this is measurably due to increased competition, goes without the saying. As is quite natural, this competition is more active and effective nearest home, the cost of obtaining business is less, and no great amount of enterprise is required to push for business in the towns and counties within a radius of a hundred miles or so of San Francisco.

The growth of competition may be seen in the following figures, showing the number of companies which reported to the Insurance Commissioner: At the beginning of 1872 we find four locals, nine eastern and eight foreign companies; in 1877, seven locals, fifty-six eastern and twenty-six foreign, and the current year opens with nine locals, fifty-seven eastern and thirty-eight foreign companies.

I regret that we have no means of knowing the net profit of our Coast business. The paper from which I have already quoted has recently undertaken to procure and publish tables from figures voluntarily furnished by the several agencies. The insurance laws of California, as of other States, require sworn statements of the receipts of and losses paid on California business. In addition to these sources of information, we have the reports of our City Fire Marshal and Fire Patrol concerning city receipts and loss.

From all these we may, in time, be able to proximate the net aggregate results of underwriting on the Coast.

Enough is given us, however, to raise the doubt in the minds of thoughtful managers whether the country business, as at present conducted, is worth the efforts put forth to get it. It certainly will not justify the departure from the highest established rates, nor the scramble which has been inaugu-

rated in some quarters. The current year's losses on our Coast will give emphasis to this suggestion. Already the loss record is far in excess of any year of the past ten, saving only 1875 (the year of the Virginia City fire), and those who have measured the "probabilities" by the loss ratio which the statistics have heretofore given us, have ere this found that an adherence to the old landmarks, as set by the most experienced Coast underwriters, would have brought better results to their treasuries.

I do not anticipate that these suggestions will deter a single company from entering the Coast field, or pushing its business wherever a premium is to be had. Notwithstanding present drawbacks, the Pacific Coast business has been fairly profitable to prudently managed companies. That this has been the case, is due in large part to the San Francisco Board of Fire Underwriters. This organization, composed of the officers and General Agents of our companies, has had almost a continued existence for nearly twenty-one years.

Its history is the history of Pacific Coast underwriting. With the exception of an interim of two or three years following the suspension of the tariff in 1869, the San Francisco Board has maintained its standards of rates and rules for the guidance of its members, which have exerted a controlling influence upon the entire business of the Coast. It has promoted wholesome legislation concerning insurance matters, building laws, etc., and through its committees has kept back or defeated obnoxious measures in our State legislatures. It has offered and paid large rewards for the conviction of incendiaries and the suppression of incendiarism. Under its auspices a Fire Patrol system was inaugurated for the City of San Francisco, which has, during the past five years, done much towards reducing the loss record of that city to an exceptionally low ratio.

The jurisdiction of the Board is co-extensive with the Pacific Coast States and Territories under review. It early adopted a tariff system peculiar to the Coast, graded to suit the conditions of the several cities and towns within its jurisdiction, and modified, from time to time, as the exigencies of business seemed to require.

During all the struggles for power and perpetuity of the National Board, and the efforts towards organized reform put forth by the United Fire Underwriters in America, the San Francisco Board has had an independent, active and vigorous existence. Its tariff system was adopted in 1867, and for several years was adhered to with a reasonable degree of faithfulness. Then, for reasons which it is not necessary to recite here, the Board suspended its tariff of rates, which was followed by a few years of competition which reduced the annual revenue fully one-third, and brought the loss to 77 per cent. of the premiums. The older members of our California underwriting community will remember the dark days of 1870 and 1871, with their steadily lessening rates and increasing fires, with feelings

of apprehension lest the existing conditions in this year of grace, 1882, may be approaching a similar crisis.

The memorable fire in your great city carried from the field of California competition three of our principal local companies, and a number of others of lesser repute, but no effort was made to restore the workings of the tariff until the winter of 1872, following the Boston fire, when the members of the National Board were appealed to, to require their California representatives to reorganize the Board, which was done, all the companies then represented in California participating. The San Francisco Board, as at present organized, may be said, therefore, to have had continued and active existence—a potent element in underwriting interests during the entire past decade—and to it has been due, in a marked degree, the profitable results which, until the present year, have characterized the business of the Coast as a whole.

However much those who are not participating in its councils, or are not owing it allegiance, may protest against rings and combinations, and decry “the Board” for their own purposes, all admit its potent power and adopt its system, while they may deviate from its standards of practice.

I do not wish to be understood as claiming that the members of the Board are invariably true to their self-imposed rules and obligations. Human nature is much the same on the Pacific Coast as in your field, and a reasonable amount of dereliction may be expected; nevertheless, I claim that few bodies of men can be found who, having such important interests in their charge, and such diverse business views and methods, are better disposed or more faithful to the measures proposed and adopted in their councils.

It is a matter of history that a re-union with this Board has been sought by the then non-participating companies, by their own voluntary action, as the only relief from threatened demoralization and loss, and for a while it was thought by the more sanguine that the cohesive power of a common interest and a common danger would hold all in the compact, but gradually the secession of some and the introduction of new companies, local, eastern and foreign, has increased the non-participating element to such a degree that as many are operating outside its organization as now owe it allegiance. The Board, adopting the spirit of the resolutions passed a year or two ago by the United Fire Underwriters in America, appealed to the prominent members of that body, whose agents there were not in affiliation with the San Francisco Board, to direct their representatives to give it adhesion and support. I need not individualize the companies, whose financial standing, general methods of business and professed conservatism, gave their fellows there a right to ask their co-operation with the organization which had done so much to promote the general success, and upon whose existence and integrity depended the future welfare of all companies on the Coast.

With one exception, however, these appeals did not meet with the response which was anticipated, and no effort was made by a re-union to

strengthen the conservative element. Following it, probably with a view to keep the letter of the resolutions of the United Fire Underwriters, a portion of the non-participating element formed another organization similar in its nature, and probably modeled after the Underwriters' Exchange of your city, and this has been in operation for a year or more past.

Some of the gentlemen composing the latter body are thoughtful underwriters, conservative in their practices, and have at heart the welfare of their companies and of the profession. From them I have the assurance that their organization was formed to check the downward tendency in rates and extravagances in cost of obtaining business which were prevalent, but its practical workings are to fix lower and uncertain standards, general and special; to adopt lower specific rates to suit the exigencies of occasions, and to create a general doubt and anxiety as to the future, which bodes no good to the general interest.

You, gentlemen, whose field of operations covers the City of Chicago, can say how the two systems of practice were made to operate, and the results upon the business of your city. Outside both these organizations on our Coast is still another band—free-lances—who have no affiliation with either,

At this writing the elements may be classed as follows:

Board of Underwriters—3 local, 16 eastern, 26 foreign—45 companies, with \$52,000,000 capital.

California Underwriters' Association—3 local, 28 eastern, 5 foreign—36 companies, representing \$17,000,000 capital.

The "Unassigned," or free-lances, number 3 local, 7 eastern, 3 foreign, represented in 9 agencies, with \$6,000,000 capital.

Do not let me be understood as saying that I believe that all the virtues, or all the wisdom of the profession, is centered in our Board of Fire Underwriters. I do not doubt that some of its members at times are disposed to yield to the exigencies of the occasion, and are not invariably faithful to their obligations; that in many instances its rules and rates have not been in harmony with the situation. But I do assert that upon its existence depends the welfare of every company doing business on the Coast, whether at present participating in its councils or not; that the existence of another organization, occupying the same field, with radically different systems of practice and of rates—an organization embracing, as this does, some of the best of our American companies—is not in harmony with the spirit which underlies the formation of the National Board, the Union, and every other organization having for its object the conservation of underwriting interests. "A house divided against itself cannot stand."

The underwriters of the Pacific Coast have a right to ask for their parent organization the support of the leading agency companies; they have the right to ask that their resolutions shall have a respectful hearing; that the officers and managers who visit our Coast should give to the statements, *pro* and *con*,

made by Board and non-Board representatives, thoughtful consideration, to the end that the differences of opinion and methods of practice, where they exist, may be harmonized in the general interest and for the general welfare.

Many of the evils which exist, in the shape of rebates, excessive commissions, cut-rates, etc., are due to the anomalous condition of affairs, and can be corrected if an honest, determined effort were made, with the support and by the direction of the home officers of the companies.

It may be proper here to say that a District Committee has been appointed by the President of the United Fire Underwriters in America, in pursuance of a resolution passed at the last session of the body. How far their efforts towards a re-union of the conflicting elements have progressed, I am not advised.

I am naturally of a hopeful temperament, and have seen many a threatened crisis averted, but I look with apprehension upon existing conditions lest we may be precipitated into a war of rates such as followed the suspension of the tariff in 1869, which carried the premium income in California in 1871 to \$1,603,976, with a loss ratio of 77 per cent., as against an income in 1873 (the year following the re-establishment of the Board) of \$3,149,050, and a loss ratio of 25 per cent.

Is it not worth the effort to avert such possible result? I may be asked how it may be done. As a step in the right direction, I would have the officers or managers of the leading companies visit our Coast, and when there, meet with their representatives in friendly council with our Board, not as antagonists, or to listen to criminations or recriminations, nor to cite this or that instance of bad faith as indicative of the general course of "Board" members, but with an honest determination to smooth the way, if possible, to a union of interests. I am not so sanguine as to believe it possible to permanently unite all companies in a common bond. I am not so sure that it is desirable. There are those whose calibre, methods of operations and ideas of business are utterly at variance with those of their brethren. The chronic undercutter "ye have always with you," and it is not business-wise to gauge your methods or your business by his.

The great agency companies, home and foreign, can and ought to unite on a common platform and move forward to success. There can be no sufficient reason why certain prominent companies, prominent in the councils of the various national organizations and in your own Union, should be non-Board on the Pacific Coast.

I have been led to a greater length in this portion of my topic than I had intended, but "what is written is written." You have asked me for tidings from the Pacific Coast, and I know of nothing more vital to the interests of your companies and mine than that I should give you, and through you, to those who are represented there, the conditions as seen by one who has been an active participant in underwriting operations in Cali-

for nineteen years, and who deplores the possibilities of a return to the conditions of 1869-71.

This review of our Pacific Coast underwriting would not be complete without a reference to our Association of the Pacific. Born in a palace-car, "sidetracked" on the side of Mount Davidson, 6,000 feet above sea-level, the temporary home of the adjusters who assembled around the ruins of Virginia City in the fall of 1875, and now composed of officers, agents, adjusters and specials—the working forces of our companies, without regard to their Board or non-Board affiliations—this organization has gradually extended its usefulness, promoted brotherly feeling and a community of good-will among those—the field men—who literally "bear the heat and burden of the day."

With the differences which separate their companies and antagonize their superior officers, the field men, who journey together and meet to settle problems of adjustment (as their vocations call upon them to do), can have no part or interest.

Hence the discussions in their meetings are directed to the practical questions of the day, and in their annual banquets to the promotion of brotherly good feeling and cheer to lessen, as they may, the drudgery of the life of the special agent and adjuster. While our Pacific Association may never reach the dignity and importance of yours of the Northwest, in our humble way we take inspiration from you and accept with gladness all the many good and valuable things which emanate from your meetings.

In their name I write you to come and see us. Come when winter holds your rivers and fields in an icy embrace. You will enter our State through a huge wooden portal forty miles long, over which the almost perpetual snow of the Sierras then lies twenty feet deep; thence glide down the western slope, and through valleys carpeted with brilliant wild flowers, or already covered with the green verdure of the new grainfields, along orchards already fragrant with the perfume of the almond, the apricot and the peach, to where the colonies of semi-tropical Los Angeles and Pasadena are already gathering the golden harvest from thousands of heavily laden orange trees, continuing your journey, if you please, through the gateway of the San Geronimo Pass into the great Colorado Desert, where the roadway runs over the bed of an extinct sea, 200 feet below the level of the ocean—a country without a redeeming feature in its present aspect, given over to the weird giant cactus trees and rattlesnakes—and realize that through all these thousand miles of travel, and in all these gradations of climates and soil and product, you are still in California.

Come to our great metropolis—great in a comparative sense—and those of us who were pioneers of '49 will show you the wonders of our city of a generation's growth. We will discourse to you of the days we were dwellers in tents, a community of ten thousand people, where the Palace and the Baldwin now stand; we will tell you of the days when the waters of the

bay laved Montgomery street, a mile from the present water front; we will point out the sites where great ships were made into storehouses and hotels, and the bay about them being filled in, became literally high and dry; we will recite to you the history of our vigilance committees, which usurped the prerogatives of judge, jury and executioners, and turned warehouses into fortifications and their windows into gallows-frames, holding undisturbed power until San Francisco became a synonym for good order and security for life and property, and then, after parading an army of 6,000 men, cavalry, artillery and infantry, relegated their power to the proper authorities.

We will show you the lions of our city, transporting you up our steep hill-sides in elegant palace street-cars drawn by an unseen motive power over "Nob Hill," crowned with the red-wood palaces of our twenty millionaires—our railroad and mining kings, who, a very few years ago, were as anxious about their daily bread and butter as you and I are, but to whom golden opportunities (of which our State, to enterprising spirits, has been so bountiful) have given almost fabulous wealth; to our Golden Gate Park, wrested from the ever restless and shifting barren sands of the ocean, moving before the steady western trade winds of the Pacific; we will show you our lions, our sea-lions, huge as horses, basking in the sun on Seal rock.

Then we will introduce you to the plague spot of our metropolis—our China-town, an oriental city of forty thousand inhabitants, with all the filth, the squalor, the vice and degradation of an oriental city; with its heathen temples, its markets, its theaters, its laws, and its customs, as foreign to our civilization as it is possible to be; occupying the very heart and most attractive portion of our city, blighting all within its influence; closing the doors of the churches built years ago before the immigration had assumed such proportions, but now enveloped by them, and rendered valueless for their original and legitimate purposes, until they have become tenement houses and dens for hundreds of the swarming pagans.

If you desire to see the under-side of this life, so strange to your eyes, come with us, accompanied by detectives as guides and protectors by night, to their underground burrows, opium dens, and the purlieus of murderers' alley, and see the revelation of degradation and of vice, of which you could have no previous conception. Then go with us to the cigar factories, the shoe and clothing factories, wholly or in part monopolized by these people, and realize that they are slowly but surely occupying the vantage points of many trades and vocations which in your city and State are filled by boys and girls, men and women of our own race, and you will not wonder that the Pacific Coast is a unit on the proposition, not that the "Chinese must go," but that the incoming horde shall be stayed at the Golden Gate.

From this we will point you to the elegant blocks of buildings, the banks and hotels, built and owned by "honest" miners, from wealth directly or indirectly wrung from the wonderful Comstock lode now almost exhausted, and with it the peculiar city which still clings hopefully to the terraced sides

of Mount Davidson. Then we will take you to the Stock Exchange, and our Leidsdorff street (yeleped Pauper Alley), where the legitimate millions of the Comstock mines were multiplied by scores of paper capitals, and fortunes made or lost in a day in the mad whirl of stock gambling, now happily under the ban of law and public opinion, yet where men (and women, too,) still cling to the infatuation that their lost fortunes can be retrieved by the magic figures of the stock list.

We may not be able to escort you to that wonderful gorge in our mountains where precipitous rocks rise 4,000 feet sheer above the valley, and cascades fall in a single leap of nearly 700 feet; nor to our groves of giant Sequoia, ninety feet in circumference; nor to our Geysers, where Plutonic fires are ever busy in Nature's laboratory throwing out jets of heated water, impregnated with chemical properties in great variety; nor to our vineyards, where the finest grapes are grown in the open air in greatest perfection, and vast factories and cellars are filled with choice wines, ready for ripening or for transportation to France and Germany, whence they are returned to us and to you with the brands dear to the lovers of the vintages of Europe; nor to our mines, where ponderous hammers are beating from the rock the yellow gold, or where mountains of auriferous earth are carried down into the valleys, after being robbed of their treasured wealth, by the force of monster streams of water hurled against their banks. We may not be able to go with you in person to all these points of interest peculiar to our State, nor to our sister States of Oregon and Washington, the seats of new empires, already in process of rapid development by the increasing immigration pouring in through the passes of the great Northwest, but we can point you to the evidences that our Pacific Coast, so recently brought under the influence of progressive life, is not the least in importance of our national domain.

Come and see us, and as far as opportunity is given us, we pledge you Californian welcome, Californian hospitality, and the freedom of our city and State.

The Committee on President's Address submitted the following report:

REPORT OF COMMITTEE ON PRESIDENT'S ADDRESS.

MR. PRESIDENT: Your committee, to whom was referred the President's Address for division and reference, beg to report:

That so much as relates to Library, Donations, Reprinting Proceedings and securing Pictures and Rooms, be referred to a committee of five, viz.: R. J. Smith, Eugene Cary, Geo. M. Lyon, A. W. Spalding and I. S. Blackwelder.

That so much as relates to Blanket Policies be referred to a committee of three, viz.: D. Beveridge, J. L. Cunningham and W. F. Fox.

That so much as relates to a Uniform Policy be referred to a committee of three, viz.: N. C. Miller, W. B. Cornell and C. E. Bliven.

That so much as relates to the Schedule System of Rating be referred to a committee of three, viz.: J. O. Wilson, L. D. Moody and T. H. Smith.

That so much as relates to Over Insurance be referred to a committee of three, viz.: W. P. Innes, J. H. Steverson and H. H. Hobbs.

C. W. POTTER,	} Committee.
I. S. BLACKWELDER,	
L. H. FOX,	
A. P. REDFIELD,	
C. E. BLIVEN,	

On motion the report was adopted.

Mr. Geo. M. Lyon—

I move that the President of this Association be requested to extend to the royal party, the Governor General of Canada and Princess Louise, in conjunction with Capt. Shaw, the courtesies of the meetings of this Association, including this evening's exhibition by the Professor from Louisville.

The motion was carried.

By motion the meeting was adjourned to 8 P. M.

--- EVENING SESSION.

The President—

LADIES AND GENTLEMEN: The hour has arrived for our special part of the programme, the lecture on the "Explosive Properties of Fine Dust," by Prof. Tobin, of the Polytechnic Society of Kentucky.

This Society, ladies and gentlemen, I may explain to some of you, is an institution located at Louisville, established some time ago for the advancement of the arts and sciences. They have kindly come up here in a body, with their most eminent scientist, to give us the benefit of his knowledge and skill.

The Professor asks us to all consider ourselves young again—that won't do, we *are* all young—consider ourselves as scholars in a class. If you have any questions to ask propound them to him, and he will most cheerfully answer them.

I take pleasure in introducing Prof. T. W. Tobin.

Prof. Tobin, who, on rising, was received with applause, spoke as follows:

In standing before you to-night as an exponent of science, I feel that an explanation at least is due, if not an apology, for the position I have as-

sumed. I purpose to lay before you some revelations that for the past few months have been to me a source of unbounded interest, and while in communion with nature I foresaw but realize now more fully my inability to express the facts so clearly presented to me. I intend using my best endeavors, and will rely on the inspiration of your interested attention in supplying any shortcomings. Sensible of the importance and magnitude of my subject, I will lose no further time in introducing it, but assume the pleasant task now before me.

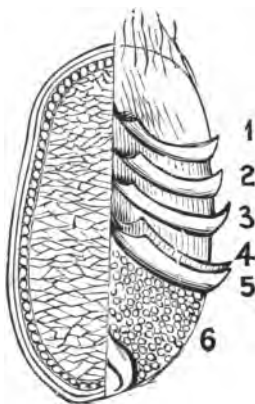
During the month of May last I was honored with an invitation to address the Kentucky Millers' Association on "Flour Explosions." Being a subject in which I had for many years been interested, I cheerfully undertook the preparation of a lecture, with illustrations. The experiments, although not new, for chemists well know the combustible nature of organic dust in a finely divided condition, yet so impressed my audience that I was more than repaid, on my part, in their interest and applause for the small amount of labor expended. In preparing that lecture there appeared to me certain conditions governing the combustible state of flour which hitherto had been passed by in investigating the appalling catastrophes that from time to time befall our national industries, in the form of mill fires and explosions. Many of my suggestions, the outgrowth of subsequent experiments, have been received with favor; and my theories, if such I may presume to term them, have had the endorsement of practical men before whom they have found their way. The desire to prosecute the truth, which is implanted in every scientific mind, has led me further, and I am here to report progress and court your criticism.

DUST UNDER THE MICROSCOPE.

Let us together then retrace the narrative of these researches. I will first call into requisition that wonderful instrument that science plunges into the mysterious and opens out its inner secrets to the light of day—the microscope. As it would be difficult to show you individually the objects that I shall employ as illustrations, I made careful drawings and photographs of them, and by means of a powerful oxyhydrogen light will project magnified images of these upon the disk now before you. (*The lecture room was here darkened and the subsequent microscopic illustrations shown on a screen, magnified to many million times the size of their originals.*)

1. I take first some ordinary flour, commonly known as "*Graham meal*," and we find that it consists of quite a miscellaneous gathering of various bodies. There are present: (1), the skins of the wheat-berry; (2), the hairs or "*beard*"; (3), cells of gluten, a waxlike substance, being the most nutritious portion of the grain; and lastly, (4), the starch in various sized granules. This body forms the bulk of ordinary flour and flour-dust. Now, in order to understand intelligently the natural placement of these parts of the wheat grain, I will bring magnified images of that body.

2. This shows: (1), the beard; (2), the skins, three in number, that encloses the internal starch or gluten; (3), at the bottom there will be noticed the germ, and contiguous with it the crease. Now, the first operation of the miller who has recourse to the newer processes of reduction, is to clean, by brushing or agitation, the whole surface of the grain for subsequent operations, and 2d, to break open this crease and get rid of the germ and incidental impurities that are usually there. In so doing a small amount of flour is made, but being charged with impurities, is blown into the dust-room. There are then two classes of dust: 1st, wheat dust, obtained from cleaning the surface of the grain; and 2d, the refuse flour dust discarded, because being mixed with germ and other foreign matter. Although in my investigations I found two separate channels and outlets, the character and condition of both classes of dust therein were almost identical in physical properties.



1. 2. 3—Outer coats.
4. 5—Color coats.
6—Gluten cells.

3. This will show, by a section of the grain, the disposition of the parts already described.

4. Pure starch granules, as found in "arrowroot." This may be taken as the typical element in flour dust. We mark the compact spheroidal form of the granule. At a temperature of 140° F. in water it swells, bursts and is converted into the well-known pasty mass used in the arts. In common with most organic matter starch is combustible. It contains normally about 18 per cent. of water.*

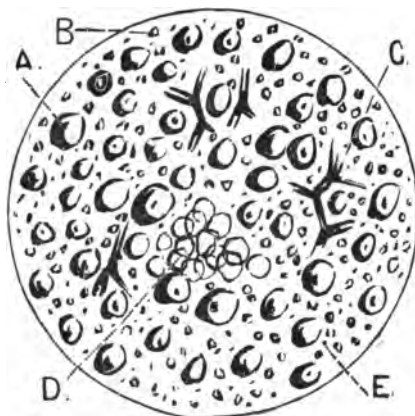
This amount varies, and, exposed to a dry atmosphere, may be considerably reduced. I take it as a rational deduction that the most rapid combustion of flour, attended with explosive violence, would occur when freed

*Miller's Elements of Chemistry.

from moisture. The individual granules burst simultaneously, and the disturbance thus produced bringing new supplies of oxygen, would instantly determine the rapid consumption by fire of the entire mass. This fact will be discussed further on.

5. Immediately following the starch granules we have a quantity of dust obtained from the club moss, called "lycopodium." It is the seed or spore of that plant. Notice the near resemblance in size and structure to the starch granule; but it differs in one respect in being of an oily nature, which (as our experiments will presently convince us), renders it very inflammable.

6. This is highly bolted flour, and as the microscope shows, freed from the husk, the beard, and even the gluten of the wheat, leaving nearly pure starch. We observe that there are three distinct qualities of the granule: (1), the giant; (2), the medium, and (3), the farina, or starch powder.



A.—Giant starch granule.
B.—Medium.
C.—Fibrous tissue.
D.—Bundles of starch.
E.—Fine starch granules or farina.

7. This view will give a fair idea of what change takes place in starch on submitting it to a heat of over 140° ; in other words, it is cooked flour. The granules have all disappeared, and in their place are irregular masses of amorphous "dough" or "paste."

8. Some dust collected from the "wheat dust room" shows starch, husk, fractured gluten cells, the beard, and other bodies; it also contains, generally, "fungi," or "smut." The dry and oily nature of this dust renders it more inflammable than starch.

9. Wood abrasions from an ax-handle factory, showing the fibrous and cellular texture of the minute particles of dust. This material is inflammable, owing to its extreme dryness.

COMBUSTION.

I will now, as briefly as possible, lay down the principles that are generally acknowledged by chemists as underlying the phenomena of combustion in organic bodies and apply them to the special instances under consideration. The substances which we will deal with to-night consist of three elements: oxygen, hydrogen and carbon. Although in variable quantities, the oxygen and hydrogen are always in the ratio of water, *i. e.*, eight parts by weight of the former to every one part of the latter. Heat is capable of determining their union and water is the result. Carbon or charcoal is thus left, and being incapable of existing in any but a solid condition, soon stifles further combustion. If, however, oxygen be added, either from the air or as a gas, perfect consumption of the body takes place. We know that a piece of wood, if an insufficient supply of air is present, can only become charred by the most intense heat known. This is the first principle that I will now endeavor to illustrate.

EXPERIMENTAL DEMONSTRATION.

Here is some hydrogen in a tube; it is very much the same as that burning from the lamps in the room. I plunge a lighted taper into it, and the taper is incapable of burning for lack of oxygen or air. Hydrogen, although a highly combustible body, will prevent combustion, and even suffocate this burning taper. I now add some air, neither in itself explosive nor combustible, and then heating the mixture, I get a deafening report. Beyond all question, I have generated an explosive body.

Then I will take some flour, and perhaps I should tell you that, like the hydrogen when free from uncombined oxygen or air, it is incombustible. Flour thrown on the glowing furnace will retard and even, if sufficient in quantity, extinguish the fierce fire. Like hydrogen alone, it is a non-supporter of combustion. Observe, I plunge a burning taper in this measure of flour, and, as you would predict, the taper goes out. Here is a substance, Chlorate of potash, which is very rich in oxygen, and I cannot alone make it burn, as you may see. Two harmless bodies I mix; the essentials of combustion are supplied and brilliant fire is the result. Oxygen gas, always present in the air, an exceedingly active and corrosive body, is then the one thing needed to render these inert bodies combustible, and even explosive.

MOISTURE.

Water, in all its forms, is opposed to combustion, and its presence modifies the rapidity with which the consumption takes place. It is, I think, hardly necessary to illustrate this as a general principle, although in the sequel we shall find in it an element of great importance.

Now, it is by these simple principles that combustion in its varied phases, from the slow decomposition and decay of the green vegetable to the explosion of the modern flour mill, is governed. By the modification of them I think I can show you some interesting results.

WOOD DUST.

Here is some dust from an ax-handle factory. It was obtained and has been preserved in a dry state. By means of a simple piece of apparatus I cause it to be blown about and thoroughly mixed with air. A flame is near it, rapid combustion takes place, and a column of fire of intense heat leaps up in the air, six or seven feet high.

FLOUR DUST.

This sack contains ordinary flour. Previous to the lecture some of it was placed in a drying oven and submitted to gentle heat. By this time much of the moisture usually contained in flour has been expelled; one condition has been filled to make the substance combustible. I next comply with the other and mix it with air. See the result! Mark the violence attending the combustion.

You may seem astonished, and ask whether this is flour alone. Yes; and from the same sack I use some more: this time not with the same result, for it is damp and the air cannot mix sufficiently to render it even inflammable.

Then we arrive at a very important conclusion. The violence of combustion is the inverse of the moisture of the dust experimented upon.

OTHER DUST.

We will now put the testimony received so far to the torture of further investigation. I have some lycopodium. You remember its near resemblance to flour dust under the microscope. It is not necessary to dry this as we did the flour, for it is protected by an oily waterproof coat and moisture cannot enter it, but it requires air, for I plunge a lighted taper into its midst, and, as in other instances, neither will the powder burn nor will the taper. I urge some of it through the heated flame with this unexpected result: an all-devouring, an explosive column of fire.

EXPLOSION.

The results obtained so far convince us that dust is inflammable in degree according to its dryness. No actual explosion has yet been obtained in our experiments. Perhaps it will be well to define the term "explosion," since there has been objection raised to its use in connection with flour combustion by some writers whose opinion is worthy of respect. It almost seems ridiculous to imagine anyone looking at the disaster at Minneapolis, could so pervert the English language as to say that no "flour explosion" took place. Our dictionaries give us the definition of the word "to drive or burst out with a loud report or violence." Hitherto we have not, then, complied with this definition, and therefore had no explosion. Let us see if it is possible to obtain explosion, and by what means. When dry organic dust is heated to the point of ignition, the oxygen and hydrogen first combine to form water. Intense heat is thereby generated, and this heat acts in two ways: first, to

char and finally convert the carbon into carbonic dioxide gas; and, secondly, to expand the surrounding air. The gas and the heated air occupy considerably more space than in their first state, and the more rapidly these results are achieved the more nearly will the act approach the violence of explosion. The air then plays as important a part as the dust, and should the air space be confined, but insufficient to restrain its force of expansion, explosion in the full sense of the term takes place.

EXPLOSION, INTENSITY OF COMBUSTION.

We can trace the various degrees of combustion in the many mill and factory fires that have been placed on record. Notably amongst them I will call your attention to two—the terrible disaster of Minneapolis, which occurred May 2, 1878, and the Hecker mill fire in New York, July 31, 1882. In the former we may reasonably infer that the air was dry and the dust pretty generally diffused throughout its entire extent, owing to the long continued and busy period the mill had been taxed with work. The wheat of that year, we are told, was hard and dry, and at the time of the explosion, 7:20 P. M., the air was chilly and the windows and openings generally closed. Here are conditions for explosion. In the latter I will take the testimony of the superintendent, Mr. J. V. Hecker, as recently given before the fire marshal of New York. He says: "The fire originated in the 'smutter' on the seventh floor. 'Smutters' are considered the most dangerous parts of the machinery of a mill, on account of the friction which may be produced by any foreign substance getting in and striking fire between the revolving cylinder and the case surrounding it. These cylinders were of stone and the cases of chilled iron. The smutters make about 600 revolutions per minute. The dust is sucked from under the smutters and forced by a fan into the (wheat) dust room through a spout about ten inches square. I think the fire was caused by a spark struck by friction in the smutters, igniting the dust and passing through the spout into the dust room and igniting the dust therein." That an explosion did not then occur, as in many other instances was, I take it, owing to the fact that while the air in the mill was charged with fine dust the dryness was only sufficient to cause the flames to spread with lightning-like rapidity through the entire building, making the 500 workmen run for their lives. There was insufficient moisture to allow the dust to burn with the violence characteristic of an explosion.* Thirty per cent. of humidity that day, probably saved the nation from a disaster far more terrible than that which happened in Minneapolis, or any since the history of milling has been recorded.

Many other illustrations might be taken which would find an intermediate place in the degrees of intensity of combustion. You will call to mind the Candy works explosion in the same city some years ago; that was an explosion of starch. The Ehret Brewery in August, 1881, experienced an explosion from the barley used in malting. Barley, in common with wheat

*See Appendix.

and other cereals, consists principally of starch, and no difficulty is experienced in accounting for that phenomenon. The Pullman Car Works, at Detroit, 1880, had an explosion of dust in the spout used for conveying shavings from various portions of the factory to a place near the furnace. This spout is the counterpart of the dust room of the flour mill.

CONDITIONS OF EXPLOSION.

We will now proceed with our experiments and see if we can cause those substances which hitherto have shown themselves as highly combustible, to become explosive. We will confine the air space and see the result. For that purpose I have before you a simple piece of apparatus which, for a better name, we will call a dust or flour gun. It consists of a hollow shaft about seven feet high. At the top is a hopper which, by means of a paper cover, I can close; at the bottom is a gas pipe to which is attached a bunsen burner. By means of a trigger arranged near the top I can cause a fine shower of dust to descend and fill the shaft. When the first portion of it reaches the flame and the shaft is filled with dust, ignition takes place and the entire column burns. It is necessary that there should be a plentiful supply of air. This is provided for in numerous perforations about the walls of the machine. If the dust is now dry we have all the conditions for explosive combustion. Let us proceed :

I place some lycopodium and turn the trigger. The top is blown off and takes fire, so intense is the heat. Here is some wheat dust from the dust shaft of a flour mill. The result is much the same only lesser in degree, and yet sufficiently illustrates the principles we have discussed.

THE WET BULB HYGROMETER.

Before proceeding further in our subject, it is necessary that we should understand the construction and use of an instrument that will play an important part in subsequent line of thought I purpose now leading you. It is known by the modest title of "Wet Bulb Hygrometer," and its mission is easily related.

Its indications tell us that the atmosphere about us on the clearest and brightest day or night contains a large amount of water dissolved in it; that this watery vapor or gas is very transient in its nature, but that very seldom is the air fully charged and never is moisture entirely absent. When the air has as much water as it can possibly hold we call it saturated, and in that condition we say it has one hundred per cent. of humidity. Cold air requires less moisture to saturate it than warm air, hence elevation of temperature means increase of the saturating point.

It tells us that there is a constant variation going on—sometimes at short intervals and at others in long periods; and it further shows, as we are ready to anticipate, that there is a constant change in the capacity of the air and amount of moisture in it during the twenty-four hours of each day. As I

take it, this atmospheric property plays an important part in our investigation of dust combustion.

In various localities the average capacity of the air varies considerably. "In the North American continent," says Ganot in his admirable text book on Physics, "where the southwest winds blow over large tracts of land, the relative moisture is less than in Europe; evaporation is here far more rapid; clothes dry quickly, bread soon becomes hard; newly-built houses can be at once inhabited; European pianos soon give way here, while American ones are very durable on the other side of the Atlantic. As regards the animal economy the liquids evaporate more rapidly, by which the circulation and the assimilation is accelerated and the whole character is more nervous. In some parts of East Africa, on the other hand, the air is so charged with humidity that paper becomes soft and sloppy from the loss of its glaze, and gunpowder, if not hermetically sealed, refuses to ignite." As a suggestive thought incidentally to these statements:—are not the greater number of mill explosions in districts over which a dry atmosphere is known generally to exist? By the indications of this instrument we find regular changes during the day, there being a maxima about 8 A. M. and 8 P. M., and a minima about 3 A. M. and 3 P. M. The signal service record (Louisville) for a few days will suffice to show this fact:

	6:25 A. M.	10:25 A. M.	2:25 P. M.	6:25 P. M.	10:25 P. M.
Aug. 1.....	90	79	59	72	83
Aug. 2.....	82	62	51	61	85
Aug. 3.....	90	67	57	90	98

CONSTRUCTION.

The instrument in construction is simple, consisting of two delicate thermometers, one of which is kept saturated by a reservoir of water. As the air loses or gains in capacity to dissolve moisture evaporation takes place from the wet instrument. Proportionate to the capacity of the air to contain water will be degree of evaporation, and the extent of evaporation is indicated by the lowering of temperature. Thus by a very easily constructed table, showing the difference of temperature readings of the two thermometers, a pretty accurate estimate may be made of the amount of water necessary to produce saturation and the amount already contained therein. The instrument may be easily constructed or purchased for a few dollars at any first-class optician's. It should, however, be accurately adjusted and the scales properly constructed. I will not occupy your time in explaining further how the readings are made, as that information may be obtained from any good text book on Meteorology, but at once proceed to detail records arrived at by its aid in my subsequent description.

MILL FIRES.

The principles I have heretofore laid down, simple as they may appear, I felt convinced underlaid many of the fires and terrible explosions so dis-

astrous to flour mills, and to their ignorance, I conceived, might be attributed, at least, some of the most awful catastrophes chronicled in our industries. Every year, to his sorrow, the mill-owner finds his risk of destruction of property and life growing greater, and I believe to-day there are insurance companies that would as lieve grant a policy upon a gunpowder magazine or dynamite factory as to the proprietor of a flour mill. I determined to submit these principles to a rigid test. Accordingly, with hygrometer and note-book in hand, and the valuable co-operation of Mr. Chas. Ballard, a practical miller, I penetrated every crevice and chamber, from basement to roof of one of the best-ordered mills in the country.*

I will not occupy your time in describing the various parts of an ordinary flour mill, but make use of the technical terms applied to the various localities. Suffice it to say that the mill in question has every modern improvement in milling machinery, is substantially constructed of brick, is run by steam power and well ventilated from all sides. The grain is received in the basement; the first floor is devoted to gradual reduction mills, and the second and third floors to bolting machinery and purifiers of the most approved description. It has a capacity of 360 barrels per day.

Mathematics cannot err; mark now the extraordinary records:

TEMPERATURE AND HUMIDITY.

Record of temperature and humidity of the atmosphere at the flour mill of Messrs. Jones, Ballard and Ballard, Louisville, Ky., August, 1882.

DATE.		EXTERNAL.		INTERNAL HUMIDITY.			Weather.
Day.	Hour.	Tempera- ture.	Humid- ity.	Grinding Floor.	Bolting Floor.	Dust Shaft.	
Aug. 10.....	11 A. M.	70°	52 P. C.	67 P. C.	54 P. C.	Clear.
Aug. 11.....	12 M.	80°	51 "	62 "	65 "	Fair.
Aug. 12.....	3 P. M.	82°	45 "	60 "	53 "	Fair.
Aug. 14.....	3 P. M.	89°	53 "	54 "	58 "	43 P. C.	Fair.
Aug. 15.....	1 P. M.	81°	87 "	83 "	83 "	60 "	Rain.
Aug. 16.....	1 P. M.	82°	83 "	87 "	87 "	63 "	Rain.
Aug. 17.....	3 P. M.	79°	57 "	64 "	64 "	53 "	Clear.
Aug. 18.....	3 P. M.	83°	48 "	52 "	52 "	38 "	Clear.
Aug. 19.....	2 P. M.	78°	50 "	55 "	58 "	41 "	Fair.

The first unexpected result we notice in these records is that the atmosphere in both grinding and bolting rooms is moister than the air outside. On closer examination I soon discovered the cause of this. Each set of rollers used in reducing the grain, 22 in all, was heated, owing to the friction and resistance in crushing. By the heat thus generated the normal moisture of the wheat was continuously being evaporated and escaped into the mill; the spouts near the rollers were bedewed with moisture and the flour doughed.

*This mill is situated in Louisville, Ky., and owned by Messrs. Jones, Ballard and Ballard.

Notwithstanding that the windows on all sides were open and the ventilation as thorough as possible, the immediate atmosphere of the mill was thus maintained in a moist condition.

After carefully examining the purifiers, bolting chambers, wheat cleaners and other machinery for the dangerous element of dry air, I came lastly to the dust shafts. As I have already stated, in this mill there are two of these—one used for collecting the dust from the wheat cleaning, which is carried to the basement and there stored in a dust room; the other carries off the light refuse flour-dust made in the first reduction of the grain. In making observations I found the amount of moisture in both these shafts and the various parts of each one differ so slightly that I did not deem it desirable to note the variation.

THE DUST SHAFT.

Could science speak plainer to us than in these facts? Recall the many mill fires and explosions that periodically visit us, and does not each narrative begin with the now easily interpreted incident, that destruction commenced at the dust shaft or in its vicinity? Here, month after month, streams of dry air, drier than the hot summer breezes, are urged with the velocity of a storm, depriving the wood and other combustible matter of its moisture; converting all that will burn into tinder like fuel; dry air separating and buoying up the particles of drier dust until the fatal spark occurs and combustion ensues with the explosive violence, alas! too well known now to need description.

I do not hold that mills are blown up by the dust alone in the shafts; but I do believe that fires are liable to originate there, and the local explosion caused thereby is often sufficient to fill the entire atmosphere of a mill with lodged and loose dust. A second charge is thus prepared for combustion and the grand explosion occurs.

Dust shafts are, then, danger centres. Can there be any longer doubt in your minds? Is it necessary for me to suggest that they should be well protected and solidly constructed? Dry air in a mill, I am inclined to think, is little less dangerous than coal gas escaping in the air. Why make these shafts of light match boarding? Why longer, in face of these deductions, use gauze and canvas doors communicating with them and the mills? As I stood one day near by one of these doors my hygrometer showed the dangerous enemy stealing into the dust-charged atmosphere of the mill.

Having accepted the fact, which I take for granted is now settled in your minds, that the dust spouts and flour shafts are dryer than the surrounding atmosphere, let us see if science can explain why this should be so. Nearly all dusts are well known to chemists to be hygroscopic in their character. Flour, especially, will divest moisture from the air. But we have seen also that in the process of grinding, by the heat generated in friction, a large amount of the normal moisture of the grain is driven off and the subsequent heated flour must necessarily be abnormally deficient in water. The

percentage of moisture in the dust shafts would be, of course, governed by the humidity of the external atmosphere, as we find it shown in the table set forth.

THE BAROMETER.

There is another interesting relation between the dust and the atmosphere as its medium, which is at least worthy of a passing remark. Do you know that dust is sometimes lighter than at other times? More correctly, the atmosphere in its variable density causes the light particles of floating matter to become more or less buoyant. Let me illustrate the statement by a familiar incident: Have you not noticed at some times, generally on a dry day, how the smoke rising from the chimney will ascend and be buoyed up in an almost vertical direction—how on those days the very dust in the roads hangs about and refuses to settle? The barometer on these occasions will be high, showing that the air is dense. Another day the air will be charged with moisture; the smoke descends to the ground; no dust in the air now, for the air is too light to buoy it up; the barometer is low and rain is probable. Is it only reasonable to infer that during a high barometer the lighter particles of flour are reluctant to settle, and floating in the air, add to the many dangers of a flour mill? I make this brief allusion to a probable cause conducive to fire and explosion. Time will permit me to do no more.

DEDUCTIONS.

Gentlemen, the accurate diagnosis of disease points to a line of remedy. Have we not enough information on the cause of dust explosion to suggest a mode of remedy? It may be that we have not yet gone to the bottom of the mysteries involved, but we have, I think, indications enough to adopt a line of treatment.

Let me, as I have presumed so far, in the interest of science suggest:

1. That dust rooms are danger centres and should be built, if possible, of brick, as you would build a smoke stack, and all communicating shafts and doors be of sheet metal.
2. That as in the long period of drought of summer, nature moistens the dry forest with rain and dew, so the parching winds constantly blowed through shoots, shafts and dust rooms should be daily, if practicable, charged with vapor or steam.
3. Scrupulously keep the mill free from superfluous dust and flour.
4. As dry air is the miller's enemy, let him learn to use the hygrometer, and on its indications adopt methods as he may think best to drive it from the many lurking places in his mill.
5. In dry weather, when the air is dense and thick with floating particles, let him not overwork or strain the capacity of production. Overtaxing work has often preceded disaster.
6. Never use open lights in the mill if it is possible to avoid them, and get as much ventilation as possible.

CONCLUSION.

Before concluding the subject I have attempted to lay before you, the course of events makes it necessary to add one more record. After I had framed the line of thought and made observations at Messrs. Ballard & Co.'s mill, an incident occurred that riveted my interest, as I think it will yours. After hunting nature to the utmost limits of investigation, I was permitted to witness an event which took place unexpectedly to all, but unfortunately for my friends in labor, the Messrs. Ballard.

When lecturing before the Millers' Association of Kentucky I made the following remark: "Could we have had a register of the state of the atmosphere in the unfortunate Washburn mill, Minneapolis, immediately preceding the explosion, I doubt not that it would have shown a marked absence of humidity." Science has permitted me to realize this, for on Aug. 22d my closing record at the mill reads:

DATE.	HOUR.	EXTERNAL.		INTERIOR.	WEATHER
		Temper- ature.	Humid- ity.		
Aug. 22....	11 A. M..	82°	63	Wheat dust shaft and adjoining bin on bolting floor now in flames. Fire confined to upper portion of shaft, but fierce and destructive.	Fair.

What originated the fire I pass uncommented upon. The fact that the dust shaft burned with rapidity and that the entire mill was not a wreck from either the flames or explosion, I leave for your thoughtful consideration. On the spot where I had made my observation in the wheat dust shaft the last time I visited the building, there remained only the ruins of property estimated from eight to ten thousand dollars.

ADDENDUM.

Since compiling the foregoing paper, I entered into correspondence with the chief officer of the Signal Service. He most generously placed at my disposal records that, taken in connection with the events already referred to, are of peculiar interest.

The correspondence I here transcribe:

"POLYTECHNIC SOCIETY OF KENTUCKY, Sept. 13, 1882.

TO THE CHIEF OFFICER SIGNAL SERVICE, WASHINGTON CITY.

Sir: Can you supply me with data, or furnish any information regarding barometric readings, temperature, atmospheric humidity and state of the weather, at the following times and places? They probably will be of service in throwing light on the cause of flour mill explosions under atmospheric conditions. I send you a pamphlet on the subject.

Very respectfully yours,

THOS. W. TOBIN.

1. Minneapolis, Minn., May 2, 1878.

2. New York City, N. Y., July 31, 1882."

OFFICE OF THE CHIEF SIGNAL OFFICER,
WASHINGTON CITY, Sept. 16, 1882. }

PROF. T. W. TOBIN, POLYTECHNIC SOCIETY, LOUISVILLE, KY.

Sir: Referring to your communication of the 13th inst., I have the honor to enclose herewith extract from the records of this office.

I am, very respectfully, your obedient servant,

W. B. HAZEN, *Chief Signal Officer, U. S. A.*

ENCLOSURE.

"Statement containing true copies of the original records of observation at St. Paul, Minn., for May 2, 1878, and New York City, N. Y., for July 31, 1882, copied from the records on file at the office of the Chief Signal Officer of the Army.

NOTE.—No observations taken at Minneapolis, Minn.

(*Explosion Washburn Mills occurred 7:20 p. m.*)

ST. PAUL, MINN., May 2, 1878.

	Local Time 12 M.	2 P. M.	9 P. M.
Temperature.....	66°	68°	50°
Barometer.....	29.48	29.48	29.65
Weather.....	Clear.	Fair.	Clear.
Humidity.....	36	34	38

(*Rapid Combustion, Hecker's Mill, occurred 11:30 a. m.*)

NEW YORK CITY, N. Y., July 31, 1882.

	Local Time 7:12 A. M.	11:12 A. M.	3:12 P. M.
Temperature.....	72°	77°	74°
Barometer.....	30.27	30.29	30.30
Weather.....	Clear.	Cloudy.	Cloudy.
Humidity.....	71	48	64 ."

TAKEN FROM PUBLISHED REPORT.

(*Conflagration Ballard's Mill occurred 9:30 a. m.*)

LOUISVILLE, KY., August 22, 1882.

	Local Time 6:25 A. M.	10:25 A. M.	2:25 P. M.
Temperature.....	70°	83°	88°
Barometer.....	30.16	30.15	30.08
Weather.....	Fair.	Fair.	Fair.
Humidity.....	84	63	48

The President: Have you ever experimented with soft wood-dust, dry?

The Professor: No, I have not done that. If I took out the fibre of wood the more inflammable it would become, but not explosive.

The President: Hard wood will make a finer dust when sand-papared?

The Professor: That makes a softer dust.

On motion it was—

Resolved, That the Executive Committee of this Association be instructed to prepare a suitable memorial, engrossed on parchment, expressive of the obligations of the Association to Prof. Tobin for his interesting and instructive lecture, and the same, when so prepared, be presented to the Professor.

On motion, the convention adjourned until 9 A. M.

SECOND DAY.

The meeting was called to order at 9:30 A. M.

The President: While the Secretary is preparing his table I will read a letter received last evening from J. M. Dresser, Esq., an ex-President of this Association:

LA FAYETTE, IND., Sept. 5, 1882.

W. B. CORNELL, ESQ., PRESIDENT, CHICAGO, ILL.

Dear Sir: I have fondly hoped that I could be with you at your meeting, but it now seems utterly impossible for me to get there. Since our great sorrow came upon us, I have not been myself in health at all. I am bankrupt in strength and do not seem to improve at all. I hope as soon as the fall weather comes that I shall be stronger and enabled to pick up the line of every day duty, and go forward with my work. Kindly remember me to the friends who may be there. I trust you will have a good and successful meeting, and that our old Association may grow in strength and wisdom as it grows in years. I shall keep up my membership, and hope I may always be considered one of you. I shall send my photo in response to the Secretary's circular as soon as I can get a satisfactory one taken. With best wishes,

Sincerely yours,

J. M. DRESSER.

The President: I would suggest to the gentlemen present that, in view of the extreme loss our brother has met with, some action on the part of the Association should be taken appreciative of the matter. What is your pleasure on that subject?

Mr. J. F. Bates: I move that a committee be appointed to express, by resolution, the sense of this Association of the loss he has sustained.

Motion adopted.

The Chair appointed as such committee Col. J. F. Bates and George K. Snyder.

Mr. E. C. Johnson: I move that a committee of three be appointed to express the sympathy of this Association with Mr. L. D. Moody in his sudden bereavement yesterday.

Motion adopted, and the President appointed as such committee E. C. Johnson and L. H. Fox.

The President: Gentlemen, you will please now give your attention. The Secretary will read the names of the new members elected since our last list was read.

[Included with list on page 17.]

There is no better evidence of the prosperity of our Association than the fact that we have had seventy-one additional members added to our list of membership—the largest number I ever remember. We have also the largest attendance we have ever had.

The first thing on our programme this morning is the special order made for 9 o'clock, the discussion of the topic:

“How to promote the best plan for most correctly and profitably rating places too small for the managerial or compact system.”

I should say we have some friends with us that have not met with us very often before, and some who do reside in territory not within the jurisdiction of our Association. They are not familiar with our ways of doing business. They would like to hear from some of the members on this subject and have some discussion on the subject. I trust a discussion will be had.

Mr. J. T. Trezevant, Jr.—

The subject for discussion possesses more interest, perhaps, for the members of the South than any other, and in order to open the discussion, I would suggest, sir, that you ask some of the managers from this immediate section who are perfectly familiar with the system adopted out here, to give us a brief outline of how you manage to rate your towns, small and large. The fact is, we do not understand much about your managerial or compact system. We would like very much to have a plain statement of how you make your rates, both in your larger and smaller towns. That may, perhaps,

lead to a discussion that we feel may be interesting and instructive, at least to the members from the South.

The President—

Mr. Lyon, will you favor us with an outline? The subject under discussion does not comprise the compact system, but only the smaller towns. The discussion as to the method of rating in the smaller towns under the compact system, as it prevails, is in order, and it would be as well to have these outlines.

Mr. Geo. M. Lyon—

I am very glad, indeed, to give the gentlemen of the Southern Association all the information I can on the subject, and yet it seems to me it would be a little presumptuous on my part to say that I had a full knowledge of all the ways that are adopted now by the different Associations for rating risks throughout the West, or that I had the wisdom in me to suggest the best plan of doing it. The ways of rating, as far as I know, are very various. They depend a great deal upon the character of the committee who do the rating for the special towns that may be designated. I think the most effective rating at the present time is done through the agencies or State organizations who are under the control of commissions or committees appointed to represent the companies. That plan may be perfectly outlined by stating that the places needing attention are brought before the commission of the companies, and they designate to the State Board that they wish a committee appointed at some time to go to those places. The committees go, and report to the State Board. The work is also reported to the companies, and in that way, when the rating is done, we have the combination of the company's support, and the special agent's support, and that of the Local Board, because there is no power given to those committees to make rates binding except as they are adopted by the Local Board. It seems to me that is a very happy and good way of getting over the difficulties that have met us in the field, because we seem to get all the support we want to make them effective. That is the general plan adopted through the West, as a rule. Outside of those large places where the compact system has been introduced and enforced, or those places that have been so troublesome, the committees from the companies themselves have been rating committees—visiting committees.

I was not expecting to speak on this subject, but called on so suddenly I can hardly give a better outline than I have. The real power an agent gets is from a strong State organization. Without a strong State Board Association I uphold, personally, you cannot make rates as effective as they should be as Local Boards, and with the companies, as you can with it. It is a very necessary feature in carrying out the practical needs of our business, to have the support of the men who instruct the Local Agent—to have him with you, supporting everything that is done in the Local Board. He has been, through

his organization, instrumental in getting these rates and tariffs; that being done, he talks with the Local Agent and produces satisfaction and harmony.

Take the reverse, the stranger making a rate, and not connected with any State organization, and it is entirely different. The insurer will say and the agent will say, "Who made your rate?" and he is very apt to criticise. Hence I believe that the reputable traveling men in the field best serve the interests of the company.

Mr. W. F. Lyman—

There are some difficulties that present themselves in the different sections, but those are difficulties which we can avoid by consulting with others having a better and wider experience and asking counsel of them in regard to that. We are just now coming to the organization of State Associations in the South. We have got on its feet a very excellent body in Texas. They are preparing in other States to do the same. I have a telegram from Mr. Decker, of Mississippi, saying that they are about moving in that State. But we are met with some difficulties there which you, in this more densely populated country, do not meet with, and it is to manage those questions we would like the opinions and experiences of gentlemen who have had a wider field to work in than ourselves, to guide us.

We find this difficulty in regard to the suggestions made by Mr. Lyon: We have very few specials in our field. I would take the State of Texas. There are very few resident specials there, and only two or three general agencies in the State. It is especially so the case in Louisiana. We have no general agencies—resident general agencies—in Louisiana, outside of our own company. Of course there is a large interest.

Well, now, we send out specials to rate our towns, and we find this difficulty about our local reports. They all say, "We don't want to take the responsibility of raising those rates. There will be a war about our ears for weeks and months or years, and we can't stand the pressure, and we want some one else to come here, and we want to say that they come in here and make these rates and we have nothing to do with it." And we found in Texas, in sending out our circulars for the organization of Local Boards, that we have had in reply but one uninterrupted stream of requests to send some one there to do the work for them. We are naturally averse to sending two or three men over that great field. Companies will be apt to say, "This was all done by two or three men representing two or three companies, and we had nothing to do with it; that will produce dissatisfaction in the companies."

The alternative which has presented itself to us was the formation of a commission to be independent of all companies, to do the work throughout the State. The difficulty is there the same which was encountered by the old National Board—the work would not be as thoroughly and conscientiously done as it would be by special agents who went into the thing once and had the experience of the brokers themselves. All these difficulties, you will

see, present themselves to our minds, but we are doing all that we can to get over them.

Mr. N. C. Miller—

It is, perhaps, unfortunate that this topic of discussion was not taken up first—the one next here. If it had been, I should have proposed at the outset to have endeavored to show that a schedule system of rating is the only fair, approximately scientific or principal system of rating.

It is conceded on all hands that different buildings should have different ratings; therefore, briefly, a schedule system of rating, a system that charges for different variations, is the system which we can defend when different owners ask why their rates are different. The answer is, “Your buildings vary.”

For the purposes of this discussion we may assume that the schedule system of rating is the proper system, and then I suggest we take up this proposition which is now before you, “How can we most correctly and profitably rate places too small for the managerial or compact system.” It follows, if you continue the system which you have applied to the individual building; if, I say, you *continue* that system and apply it to the various classes of towns, you are carrying out the same work and greatly simplify your neighbor and are assisting the State Boards. I am not stating any novel proposition. I know it. I know a gentleman on this floor now who has given an immense amount of work to the matter, and has prepared schedules that will bear the closest examination. Taking a basis rate, suppose you divide your towns and cities into two classes, more or less, as the circumstances will demand. Taking those best classes of towns, with paved streets, with good fire departments, good water supply, we will rate a minimum. Take the next grade of towns that have one of the deficiencies, and you will make a higher charge, and so on until you have covered the general range of towns. Now then, follow that still further, and you have a system whereby a State organization, or any organization which may be formed for that specific purpose may, by the knowledge which the various agents and the gentlemen composing that commission have, determine in one of its sessions just what basis rate may be charged in each of those towns. One may start on a basis rate of fifty cents; the next may be a dollar and a half. Now add to these basis rates the same measure of deficiency charged for each building, and you have a simple system of rating which, I think, is defensible.

I have had my fair share of experience in rating buildings in New York City, and I say, without fear of contradiction, that all the building departments which New York has been blessed with, or the contrary, for the last twenty-five years, have not begun to secure one tithe of the benefits which followed from the invention of the schedule system of rating, as practiced by the New York Board of Fire Underwriters. I am not speaking now of the

demoralization in rates, or anything of that kind, but the application of the system; and I can bear evidence to the fact that notwithstanding that demoralization there has not been a day when a building has been erected in the City of New York but some portion of the plan has been submitted to the Board of Underwriters. Eventually the building will be charged, and it behooves them to make the buildings as perfect as they possibly can. The same thing has been done in Chicago and Boston, and I know everybody familiar with the rate system in large cities is aware of this fact. A high building seventy or eighty, or even one hundred feet high, and constructed strongly of brick and iron, may some day prove not quite as good a protection as some people may think. A building constructed in the ordinary method with a good deal of work, why of course every foot additional height beyond the ordinary level of sixty feet is a serious detriment, and should be charged for. It is impossible, in my mind, in this discussion to separate these two questions as they are placed upon your programme, and assuming that they do to a certain extent run together, I suggest that they should be discussed together, and if you determine the schedule system of rating is the proper system, why all right. I shall be satisfied. It is only by discussion we can arrive at the proper course to pursue. I think the two classes properly come under one head—at any rate, for purposes of discussion.

The President: We will so consider the consolidation of the two topics.

Mr. Geo. D. Dornin—

As I understand it the main point in this discussion is, What is the best plan for rating towns too small to be placed in the managerial or compact system? The plan that has been outlined by Mr. Miller is not an experiment with us on the Pacific Coast. Fifteen years ago we adopted the plan known as the Pacific Coast Tariff System, and until my duties brought me in contact with the system adopted by you of the West in Colorado and Montana, we have had no experience with any other.

We have there four distinct tariffs, all on the same plan, differing only, however, in the matter of basis rating and of charges for exposures. These are determined by the character of the town, the prevailing character of construction, the facilities for extinguishing fire, the fire department and water supply. The system is sufficiently elastic to provide for the constant changes which are going on in the construction of buildings and the various phases which our western towns are constantly undergoing, and it seems to me that is the weak point. Whoever adopts an arbitrary standard must be constantly revising and fixing up the rates of risks. In a large portion of these towns we have neither a Local Board nor surveyors, nor any other plan for rating, consequently our system comes in and says, "Here is a plan which will enable you to determine upon your rates, and you can do it easily and effectively, too."

We start off with our basis rate for buildings of these various classes. Then we have an alphabetical list of hazards, and these various hazards carry their own rates. Some of these hazards attach their own hazard to the building. Then we have another table which gives the charges for exposures on frame buildings at various distances. For example, a frame building occupied as a dwelling or some other non-hazardous occupancy, the rate will be so much added to the basis rate. If it is a mixed occupancy of a certain other class less hazardous than specials, but a little more hazardous, it has another rate, and these rates are tabled or calculated so as to provide for the distances from frame buildings, etc. They are tabled from forty to sixty, twenty-five to fifty, sixty to hundred feet. Then we have a few charges for defects in our buildings. For example, a building has not a brick chimney; it is provided with a stove-pipe and has a tin lining in the chimney. An additional charge is made in that case, of course. We can't do anything else. And so, without embarrassing the local agent with too much law or with too many figures, we have a system which, so far, has worked admirably with us. I find that fact, I will say, by the way, in Local Boards outside of San Francisco and Portland harbor. We have tried the experiment of Boards in the interior, but whether they lack the managing ability we have in San Francisco or what not, they were not a success. They were a source of vexation constantly, and we quietly abandoned them.

Mr. C. W. Potter: Have you any fixed schedule for rates for brick buildings with frame exposures?

Mr. Dornin: Yes, sir.

Mr. Potter: And suppose a brick building comes out even with the front of the frame building, what is your additional charge for exposures of that kind?

Mr. Dornin: We charge fifty cents.

Mr. Potter: Suppose that frame stands five feet in front of the brick building and has large plate glass, how does your schedule operate then?

Mr. Dornin: We should bring to bear the rate as usual.

Mr. Potter: You don't adhere to your schedule rates?

Mr. Dornin: You can't make any rating except it is a schedule rating that will fit in every possible case. That is the difficulty, of course, with any system of rating, but for all practical purposes our system has worked very well. Take a brick building exposed by a frame building, you take the basis rate for the brick and charge so much per cent. additional for the exposure.

Mr. Potter: If the frame building is in front of the brick and it is liable to the exposure, it is the same as if it came out before, or even with it.

Mr. Dornin—

Yes, but those cases are so rare with us it does not affect the system. We find it principally in our northern towns, our timber towns, where the property owners will purchase a lot and leave a space between the frame building and a brick dwelling, and then insist upon it they must have a tariff rate. So the only way is to charge for the frame exposure or take the risk the other way, or don't touch it at all. What we want, is a system that will apply in a majority of cases, not necessarily every one. Now we charge, under our rule, a technical rate of so much for a frame building, without there is special hazard, and then, of course, if there is special hazard in any direction of the building to be rated, that adds so much more to the risk. What we want to get at is a system that will apply in those towns that are too small for the managerial system. There will be instances now and then where this rule will not have to be applied. Such a case will be rare with us.

Mr. Potter: Those rare cases need to be provided for.

Mr. Dornin: Yes, if a case of that kind is reported to us, it is referred to our San Francisco Board, and a special rating made for it. We found in Colorado, coming over there, they were all at odds and ends in regard to the adjusting of rates in the small towns. A very large experience, twelve years or more, with our tariff system, however, has found it works very well.

Mr. J. O. Wilson—

I would like to offer a few reasons why, in my judgment, the rating of fire hazard by schedule is better than any other method.

First. By this method the inequalities of towns are more nearly met and provided for. Towns having a good water supply and fire department are equitably entitled to some advantage in fire rating. The schedule system attempts to provide for this fact by making proper deductions for such places, and adding to the rate in those places not having a fire department.

Second. It also provides for differences in the buildings. There are many buildings seemingly alike, but radically different in thickness of walls, unprotected openings, roofs and fire walls. Under the ordinary method these are apt to be rated alike. Under the schedule system these differences are recognized and charged for.

Third. The schedule system applies itself, and is uniform in its operations. Whoever has undertaken to rate day by day has experienced the fact that

their judgment is affected by their moods. One goes out in the morning feeling pretty well. The day is fair and everything looks bright, and he will rate ten per cent. lower than when the day is wet and stormy; and when he does not feel well; or, he gets news of a bad fire, which makes everything look gloomy and risky, and so affects his judgment.

The schedule system acts independently of moods and fire losses; works one day the same as another. The rater becomes merely a register of the facts. In short, *every building rates itself by this system.*

Other methods may be more rapid, but are unmethodical, inequitable and more likely to be affected by bias of moods, temper and judgment. I do not mean that the schedule relieves us entirely of the exercise of judgment. There is less, however, in this method than in any other, and therefore, less liability to err. I did not claim that the schedule system has yet determined the exact value of a rate. Possibly there are inequalities in this respect. We may not yet have learned the precise proportion to charge for this deficiency or that defect, but experience is helping us to overcome this imperfection.

Now, how to apply this method is another question. Under the "compact" system where Managers are employed, rating by schedule is readily applied and is the favorite method. I believe I am justified in saying that although it has operated to advance rates somewhat, yet the public are better satisfied because they feel that they are equitably dealt with, and that no neighbor has any advantage.

In places where there are no compact systems its adoption must depend upon the Local Boards; and *the recommendations and labors of special agents would be a most effective aid* in disseminating correct ideas amongst both the agents and the property-owners, and thus more readily secure the co-operation of Local Boards in favor of this method.

A marked benefit arising from the adoption of this system would be found in the improvement of buildings, because property-owners can, under this method, be assured that by building up to a certain standard of excellence their fire insurance rate would be reduced.

To sum up, then, the advantages of the system are as follows: It is methodical, equitable to the assured, and applies itself, and would, if adopted, result in great improvement in the construction of our buildings, and a consequent lessening of the fire hazard.

Mr. Lyon—

It seems to me that it is about as foolish at this late day to question the correctness of the theory of schedule rating as it is to deny any of the truths of the Declaration of Independence. I don't believe there is an intelligent underwriter here (and I think they are all intelligent) who can logically oppose the schedule system of rating. It at once appeals to your good sense and judgment, and I think the Companies themselves and the Man-

agers and Special Agents, in so far as they can, are applying the schedule system to their business in rating all classes of risks.

Now, while this perhaps may not be germane to the published subject, it seems to me that the first thing you want before you determine how you are to rate a town, is to know that the rates you make for the place are going to be observed, or that after you have agreed upon a schedule for a certain town, that you are going to get it enforced. That is practical. The practical difficulty the companies have to-day, is not in getting a few correct schedules of rates for saw mills, oil mills, or any other risks. I can pile that platform full of schedules applicable to the different towns in the Northwest that will receive the unanimous vote of confidence of every person here, but what will it amount to? We have sent schedules out half a dozen times to the same places, and to every place in the Northwest, and I don't believe it has resulted in more than ten per cent. adopting the rates. They must be made effective, and how can that be done? How can you make any rate effective? It is by getting the local agents at different places to agree to abide by the rates (schedule or otherwise) after they are fixed.

Mr. Lyman, of the Southern Association, has spoken in regard to the difficulty that exists in the South, because they have not a number of special agents there to call upon, and there is the point of his whole trouble. Why? Because the companies will not furnish the men. But who are to be mainly benefited by the rates? The companies. And, therefore, the companies *should* furnish the men; and I think if Mr. Lyman and the other gentlemen in the South would appeal to the companies in this way, and say: "Gentlemen, this rating is to be done; it is for your benefit; the expense must be borne by you. Therefore, give us special men to devote themselves to this work," they will get that work promptly done. You can rate Wisconsin in six weeks, I am sure of it, if the companies give their men to the work. It is no excuse to say that special agents cannot be spared for this work, because the companies have important work in other directions, as this duty of making boards and tariffs should, for the time being, be paramount to everything else. If the companies and the managers will come up strongly and unitedly and say: "Gentlemen, we give you our men until this United States is rated," I guarantee that our commission will make schedules for the guidance of committees that go there which will be satisfactory all around. It is, to my mind, the only point. There is no difficulty in getting proper rules and forms of by-laws and resolutions, and all that on paper; but the difficult thing is to get them to work in each agency. Each rating committee should be composed of that class of men who will have resolution enough to say, "We will form a board of some kind before we leave this town." And if they see good reason for deviating from a certain specific schedule, that they should have discretion to do it.

Mr. J. M. De Camp—

I didn't understand that the question to be discussed was the merits or demerits of the schedule system. I thought there was another subject under discussion, the fixing of rates by committees, or something of that kind.

Mr. J. O. Wilson—

I understood the Chairman to say both of the questions were consolidated into one.

Mr. De Camp—

Yes; but it seems to me that you must first consider the question of fixing the rates, whether by committees who are employed to fix the rates, or whether you will relegate it entirely to the agents, and then when you have decided those points the question of method comes up.

I think we all admit the great benefits of the schedule system. There might be a question as to going into so much minutiae and detail, but I think if the matter were put to the vote now it would result in favor of the schedule system. I think the secretaries of Local Boards to-day practically use the schedule system. It is, no doubt, a good and sensible method, and one that appeals to the judgment of the assured; but on the other question, whether companies shall employ the State Manager and State Boards to establish rates and improve the rating of towns, or whether you shall leave it to agents, my judgment would be to make it optional with the agent.

Now, in Ohio, we have in several places requests that the companies send committees there to rate the town. There are so many dissensions, sometimes, in Local Boards where they have the necessary intelligence to rate risks; they do not like to take the responsibility lest they suffer by capital being made out of it by disreputable agents. Oftentimes it happens that an agent will say, "If it had not been for the agent of the Royal or the Home, this rate would not have been made." On the other hand, many agents take it as an offense against their intelligence to send committees there. Whether they import them from outside States, or make them of their own special agents, they feel they are quite competent to rate the town themselves. They know the *morale*, and they know the kind of walls, etc.; they have had experience and represented the companies a long time, and in that case they feel that they are quite able to do it. In such cases as these I should certainly permit them to do it and send the committee there simply in an advisory capacity. But I wish every State could be so organized under its State Manager that he could command the committee to go at once, and I think there would not be any advantage gained by any one company in sending its particular State Agent to a certain town for the purpose of manipulating business in its interest. I think we can waive all considerations of that kind. If all the States were organized into State Boards so that they could send their committees, and the companies approved them and backed them up in it, I think it would not take two months to rate a State. The companies in the North, at least, where we have so many Special Agents, would furnish their men, and the work ought to go on.

Now, in Ohio, there is a suggestion that a commission of Managers and State Agents be appointed to send out those committees. That is a capital

idea, because you cannot always leave it to the Managers of Companies to do this, for Companies have many other interests that have to be considered. The better way is to form a central committee, composed partly of Managers and partly of the field force or Secretaries of the State Companies, and let them select these committees. I believe in committee work, and I believe in going to a place and having the agents of that place go with you and determine rates.

I think when the local agents come to consider the schedule system, many features will suggest themselves and be adopted.

Mr. J. M. Hosford—

For the benefit of our friend from the South I will say a word regarding a profitable manner of rating small places, without any reference as to whether such work be done on the schedule system or any other, although I much prefer the schedule plan.

The State Board of Illinois has a plan by which committees of State and Special Agents are sent out to establish Local Boards and to do rating. Their work is accomplished rapidly and at moderate expense. Let me illustrate the plan by referring to what we have actually accomplished in the last two weeks. A large committee of the State Board made Galesburg a rendezvous. We then subdivided the committee, sent out small committees and rated all the villages in that vicinity. In the larger of these places we called the local agents in and invited them to join us in the work. Now see the result. Within two weeks we rated eight or ten towns. The work was well done, not a single business risk passed by, while a general schedule on dwellings, school-houses and churches was adopted. The sub-committees came to Galesburg, reported to each other, adopted the rating done in the small towns, and those rates will be printed and published in the Galesburg Rate-Book. The same work has been done at Monmouth, and Monmouth agents can not now write in the small towns near Monmouth at rates below the rates printed in their own rate-book. I recommend this system to our Southern friends, and although I have never worked in Texas, the State represented by my friend who has just spoken, I will meet him half-way—the North and the South are prepared to do that now—and will take Lexington, Ky., to further illustrate the plan I recommend. Let the State Board of Kentucky send a strong committee to Lexington and require such committee to rate Lexington and all the small towns in that vicinity, say out as far as Paris, Cynthiana and Harrodsburg, if need be. When the work is done by sub-committees, let these sub-committees return to Lexington, examine each other's work, rectify such errors as may have been made, adopt the rates, have them printed in the Lexington Local Board Rate Book, and then, if the State Board of Kentucky even hesitates about approving the work, or if the Companies refuse to sustain the committee, there may be a "parrot and monkey" matinee.

The State Board of Illinois has already accomplished the work of rating over a hundred towns, and we purpose keeping at it until there is a Local Board working with adequate rates in every town and village in our State.

The President: The next thing is the report of Mr. Moody on "Fire Department and the Water Supply."

Capt. Shaw, of London, and Marshal Swenie are here this morning, and they have to leave now, and I therefore move that we make this topic the special order after our intermission at noon. Adopted.

Mr. E. C. Johnson—

In reference to general off-hand rating, the schedule system is, of course, the only practical way to get at such rates—not an exact rate, but a comparative rate, for each risk. Taking into account all the conditions that affect the hazard, I think the schedule rating is faulty. The whole history of fires shows that there is so much difference among men that just rates cannot be measured off by the yard or cubic foot. Take any two men and you will find a great difference in their system and discipline. Now, do not understand me as referring to criminal hazard; it is not necessarily that. There is that difference in this and that way of doing things that makes a difference in hazard. We find that in every large town we have what we call compromise rates and special rates. Why? Because there is a class of men who do things systematically, and conduct their business in a manner which entails less hazard than with others less careful. For instance, take two buildings of the same construction, same area and similar occupancy by two men engaged in the same business and apparently the same kind of people, but look at the condition of their property. The one is under thorough system and discipline; the other careless, filthy and without a trace of system. The one is an old established house, carrying an immense stock and with an amount at stake that is not simply his stock and building, but an established trade; the other person may be a man of speculative character, here to-day and gone to-morrow. There is no comparison between those risks. Wherever you find such established houses, with a large trade at stake, you are bound to concede something to them. The one is a close buyer; he wants to buy everything cheap and he does it. You can afford to insure him cheaper than the other man, and you have to do it. You may apply the schedule in nearly every case, as stated by the last speaker, but you cannot do it in every case, and the reason is plain. It is the most practical thing for dwelling house rating, but when you come to discriminate, if you could see inside of every dwelling house that has to be written, and know its construction, and the man who lives in it, you could better afford to write our frame dwelling at 50 cents per annum, than some other dwelling at 2 per cent. They appear to be one and the same thing in value and in area, but there is a difference in the care of that area, and it is bound to affect the hazard. It is not the

difference in area, difference in contents, and difference in material; it is the difference in men more often than anything else that results in fire. It is not necessarily an incendiary fire, but at the same time all comes in together as making up the actual hazard or risk. Some men cannot afford to burn, and whether they could or not, they are naturally systematic and take care of their property. Local agents say that they have got to give such men a better rate, and you always have done so. Take two factories in the same line of business, with the same materials and surroundings, and there is bound to be a difference in hazard between them. The one is crowded with machinery and material, and pushed with extra hours and extra effort, and not well cared for. The one is neat and systematic, and every man knows that there is discipline, and that if it is not observed by him he must lose his place. The other is run so carelessly, and under such lax discipline, that a man knows his place is not of much importance. There are no rules of discipline, or certainty of promotion and prominence. There are just such differences running through all property. When you want to get at the rate that ought to be charged, there is nothing equal to spot knowledge of all the conditions that affect the hazard.

Mr. J. C. Griffiths—

I don't want to take up any more time on this subject than is absolutely necessary, but it seems to me if the question of the best system of rating was put to a vote in this convention, the schedule system would receive an unanimous vote, and, to my mind, that question is settled, and the most important part of the subject is: How shall we do it, or who shall do the work? The territory which I represent, as Secretary of the State Board, comprises three very large States—Wisconsin, Minnesota and Dakota. In this State Board we have a membership of forty-two, and out of these forty-two, we have not over a dozen we can call upon to do the work of organizing Local Boards and rating towns. What does this mean? It simply means the importance of this work is not impressed upon the Special Agents by the General Agents and officers of the Companies they represent, and instead of doing this they are kept on work pertaining to their individual Companies. There are towns that should be attended to to-morrow, and the rating of these towns is of more vital importance than any work the Special Agent can be engaged in at this time and for the next three months to come, for if you increase your premium receipts from the present low rates, you increase your liability; while if you bring rates up to a proper basis, you increase your receipts with no additional liability.

A Company sends its Special Agent out and says: "Now, go for business." The "Special" says to his agent at each town he visits: "We want more business;" and the agent at that town is made to believe that his rates are not so very low after all, for lots of Companies are continually drumming him for an increase of premiums. Even if it don't pay, as so many Companies

say—and I have had it said to me more than once—when calling the agents of a town together to consult about re-rating the place: “Why, our rates can’t be so very low, for ‘you fellows’ are continually coming around and asking for more of it;” “the Companies seem to be perfectly satisfied with our rates,” etc. Now, I ask, would it not be more in keeping with good common sense to first have your special agent engaged in assisting the State Boards to bring up rates to a proper standard, and when that is done, send him out after business—for now it will pay; before it was gambling, with the chances decidedly against the company? If the managers of companies will have their special agents assist in this State Board work, there will be no trouble in increasing their receipts. The lack of co-operation is very discouraging to the few engaged in this work, and I have said to myself and my fellow-workers in the field: “What a pity it is the Companies do not realize the importance of it.” And some of the field men do not realize it, seemingly, for when asked to go and assist, they say: “O, I can’t; agent so and so has reported a wrong number to a policy, and I must go and see what the trouble is,” or some such trivial excuse. I tell you, gentlemen, the Companies want to be waked up to a realization of the importance of this State Board work. There is work to be done, and the time to do it is *now*.

Mr. Trezevant—

The gentleman who has just spoken has struck the keynote to the discussion, and I am proud to say that the Lone Star State to-day can say that she is determined to do it, do it now, and has got all the means to do it. We have a few companies who have special agents in Texas—four or five, or six—and a great many companies who have no special agents, doing a small business. The specials are kept busy adjusting losses. (It is a cold day in Texas when we have no losses.) The State Association, you will all concede, is the foundation stone for a proper rate. The State Association says to the Executive Committee, “there are twenty-five towns that need rating; rate them.” How will you do it? Amongst the other questions for discussion is, “How shall small towns be rated which are too small for the ‘managerial’ or the ‘compact’ system—through local boards, our field force, or an independent bureau of experts established for that purpose, or other independent means selected by the companies?” I say, through an independent bureau of experts, not connected with any company, for that time being at least, whose services are paid by the companies—not paid for by the “Tom Thumb” or Royal or Home, but the little “Tom Thumb” must pay its share, and its share only. We send our committee the agents, two or three. In the case of the Texas State Association, we have resolved that we will send at least two specials to rate every town. They have a list of towns given them. “Gentlemen, you will go over there and rate those towns.” We have adopted basis rates upon which the rates in all those towns can be laid. They will go to the town and rate each town, and in connection with the Local Board.

We write to the local board: "You don't wish to have the special committee come and rate your town; here is a basis adopted by the State Association, make a tariff, and send one hundred copies to the State Association." Down in Texas they say, "We don't want it." All the others say, however, "Send us a committee." The question is, where shall we get that committee, and how shall we get it? I believe in paying your special agents each ten dollars a day and expenses, and when they go to a town they make the tariff; and if the local board refuses to join them in the local report, they are instructed to make the report themselves, and append their names to the printed list. When they have rated that town, they assess each company in that town with its *pro rata* share of the expenses of rating that town. It is collected from the local agents before they leave there. They put their money in their pocket—ten dollars a day and expenses. We get the work done promptly, and by men who have no other thoughts on their mind.

Now, it is quite true what has been said about the effect of hearing of a fire, etc. The local agent receives a telegram of some great fire, and he wants to put the rate up a little higher. But with our agent it is not so. He goes at it and the work is done. Gentlemen, as far as our portion of the country is concerned, we have decided it is the best plan to be adopted—the plan of an independent bureau of experts to rate all towns, the rates being based upon a minimum tariff adopted by the State for that town.

Mr. Blackwelder—

I do not wish to cut off this very profitable discussion, but merely to say that there is a very long course of unfinished business yet, and there are reports of committees, some of them very important—one respecting the adoption of the Constitution under the organization since the incorporation of this Association—and I simply rise for the purpose of bespeaking the consideration of the question of the adoption of our Constitution. The committee have had their report ready all day yesterday, and to-day, at the proper time, would like to have the same presented.

The President: It is a very important matter, and should be disposed of at this meeting. What hour do you suggest, Mr. Blackwelder?

Mr. Blackwelder: Two o'clock.

The President: Suppose we make it the first thing in order after the intermission?

It is suggested that a special time be appointed to take up the presentation of the report of the committee on By-Laws.

Mr. Blackwelder: I move that it follow immediately after the subject now under discussion is disposed of. Adopted.

Mr. T. H. Smith: I think the Association will be interested in the following resolution which I have to offer, and it may just as well be acted upon at once:

Resolved, That as an acknowledgment of the kindness of the Polytechnic Society of Louisville, Ky., they be furnished with ten copies of our Proceedings for the year 1882, and the Secretary is hereby instructed to forward the same to them when completed and published.

Mr. Lyon suggested that in view of the fact that towards the close of the day the audience became very sparse, he thought it was only fair to those gentlemen who had taken the trouble to prepare papers that they should have the first opportunity to read them.

The President said that he would gladly give the gentlemen who had prepared such papers the first preference, as long as it did not interfere with the ordinary course of business.

Mr. Lyon then made his suggestion a motion, and the same was adopted.

Mr. J. G. Finnie, Special Agent and Adjuster Home Ins. Co. of N. Y., Louisville, Ky., then read the following paper, entitled

THE FIELD VS. THE OFFICE.

In committing to paper my views on a subject with a title so startling as this, it is not my intention to intimate that there exists, or is likely to exist hereafter, any antagonism between the two branches of the profession, for the success and elevation of which we are all working. Besides, I am too well trained in the service not to have a proper awe for the "divinity which doth hedge about" the officers and Managers of the Companies. But there are some points upon which I think a free discussion between the Office and Field Men is not out of place, and if the result of my efforts is to advance any ideas either new or valuable to either branch of the service, my object in choosing this subject will be accomplished.

The Special Agent being a man of many words and ideas, and able, therefore, to speak for himself, needs no defender. What he should be and what do has been told you in the very able article read before this Association last year by one of its members, and upon which I cannot improve. The representative of a first-class Company in the field needs to be a man of many parts. The nature of his duties is so varied that no other member of our profession requires so much in the way of universal knowledge as he. His education must be complete in all branches of the business, and if he is not competent to do everything, from writing as policy clerk in a local agency

up to doing the brain work as president of the Company, it must never be suspected. He must be a gentleman by nature, a cosmopolitan in views and habits, a thorough accountant, a good correspondent, a lawyer, a builder, a mechanic, a merchant, a good judge of human nature and of values, and so universally well informed about all points pertaining to his profession that no question which arises will be new to him. While this list of accomplishments is certainly a formidable one, I do not think it overstated, and that the ideal field man is something of a *rara avis* is not to be wondered at. Probably no other man connected with the Company has such unlimited responsibility thrown upon him. In his capacity as a supervisor, upon him devolves the selection of suitable agents and passing of risks, while as an Adjuster the Company is entirely at the mercy of his competency and care. It is not necessary to dwell here upon the hardships of the Special Agent's life on the road. We are all familiar with the average country town, its wretched hotel and unseemly hours as to trains, the discomforts of sleeping cars, broken rest, and all the other discomforts of the Bohemian life we lead. The story has been told and retold until there is nothing new to tell, and in accepting special work we must recognize all this as inevitable.

In thus glorifying that branch of the profession to which the writer belongs, it is not intended to reflect in any way on the talent in the offices. The old fable of the "Belly and the Members" is most applicable to us. One branch cannot do without the other. That the success of the Companies requires full as much judgment and skill on the part of the office force, is indisputable. My cause of complaint against the office people is that too many of them are theoretical and not practical. I believe it to be an essential element in the success of any Manager, that he should have had a practical field experience. Too often important matters are committed to the charge of men in the office who, having no personal knowledge of the merits of the case, cannot act intelligently. Of late years much improvement has been made in this direction, but there is still margin for more. I believe it would pay the companies to educate their office men by giving them a practical insight into field work. Let the inspectors of Daily-Reports be sent on the road occasionally to visit the agencies under their charge—meet the agents and learn something of the physical and moral hazard of the country, and the kind of people they are dealing with. The expense of such education would not be great, while the results to the Company would be most valuable. What office man, however good his theories, who has had no experience outside of headquarters at New York, Hartford, or London, is as good a judge of the merits of Western business as we who have constant and personal oversight of it? And how little must the office people know of the merits of adjustments! A careless or incompetent Adjuster can cost his Company many thousands of dollars a year and they be none the wiser. Yet there seems to be, in some of the offices, an impression that they are better judges of what is a meritorious settlement of losses, than the man on

THIRTEENTH ANNUAL MEETING.

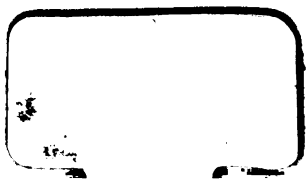
nyds' plan, and will enable us to carry on business in all States in the Union thout being annoyed by any of those restrictions that State legislators pose upon the regular stock companies. We shall have no deposits to ke, no taxes to pay, no license fees to disburse, no legislators to purchase,

annual statements to make, no examinations by insurance officials toprehend. We shall be as free to dispose of insurance as grocers are to l glucose for sugar or diluted logwood for port wine. With us there will be absolute free trade in insurance as there is in pork or potatoes, untramed by legislative interference, unhampered by official supervision, taxed by States or municipalities; for that great palladium of our liberties, a Constitution of the United States, guarantees to individuals the right to nsact any reputable business without let or hindrance. The Franco-rman-Anglo-American Combination, being but an individual, is above e law. The money we shall receive in premiums cannot be spirited away any State-right process, but will remain with us to enrich our agents and r officers.

My methods of conducting the Franco-German-Anglo-American Combi- tion will differsomewhat from those with which you are familiar. Having nferred a favor on our millionaire contributors of capital by relieving them a portion of their surplus money, we are under no obligation to them atever, and shall entirely ignore that little matter of dividends to stock- lders that so frequently proves a source of serious embarrassment to the anagers of the companies you now represent. All profits arising from our siness transactions will be equitably divided between the agents and the icers. In fact, I propose to run this Combination for the exclusive benefit

those who work for it, without any regard whatever for those who rnish the capital. I am aware that this is not an original idea with me, r I can name a number of companies that are practically conducted on this sis; but no other manager frankly announces his intentions as I do. The erage stockholder in an insurance company is usually an annoying person have about; he is altogether too curious as to how the affairs of the mpany are managed; interferes with the disbursements; complains of travagant salaries and commissions, and in various ways cuts down the rquisites of officers, to the end that dividends to stockholders may be creased. As a rule, a stockholder is an inquisitive nuisance, and should : suppressed. Nothing of this kind will be allowed to disturb the harmony at must exist in the Franco-German-Anglo-American Combination. Hav- g the capital invested in my name, and absolutely under my control, I a in a position to resent any impertinent interference on the part of those ho contributed the funds, and shall not hesitate to show them the door, their curiosity prompts them to too close inquiry.

As I said before, I want an agent in every city and town in the country. herever there is a local board I shall want two. If there happens to : a local board and an exchange or non-board organization, I shall



want three agents. One must be a member of the local board, zealous in its defense, and unremitting in his efforts to establish a tariff of rates. It will always be the policy of the Franco-German-Anglo-American Combination to organize and maintain local boards. It is our policy to have all the companies bound with a compact so tight that none can escape. Our agent must out-Herod Herod in demanding tariffs and binding rules and regulations. At the same time, our other agent will not be in the board, but at full liberty to cut the board rates and get all the business he can. Of course he will share commissions with the board agent, to compensate him for his efforts in tying up the other companies. If there is a local board and an exchange in the same city, we shall want an agent in each organization and another to operate on the outside. But above all things, maintain local boards—in the tying up of the other companies lies our success. While they are bound, our outside agents reap their harvest. The premium is what we are after, and the diplomatic maxim that “the end justifies the means” will be our rule of practice. Come to think of it, I do not believe this idea of double and triple-headed agencies is entirely original with me. I have a vague idea that some of the old companies have, in the language of the street, “worked this racket” before. However, it is a good idea, and if we are not its parent we will at least adopt it.

The question “what is an adequate commission to give to agents,” has agitated existing companies considerably of late, and while a few, not entirely given over to rapacity and greed, are willing to allow 20 per cent. of the premium receipts, others would reduce your compensation to a beggarly 15 per cent. I do not criticise these companies for their illiberality, remembering that insatiable stockholders sit behind the throne clamoring for dividends, but I do congratulate the live, energetic, capable agents, upon whom every company is dependent for its success, that the Franco-German-Anglo-American Combination is not thus restricted. On the contrary, I am here to-day to offer you 50 per cent. of your premium receipts for all the business you can send us. When we consider that the pecuniary success of every insurance company is dependent upon its agents, whose ability, energy and personal reputations are taxed to the utmost to obtain it, justice and equity alike demand that they shall share equally in the receipts with those for whom they labor. It matters not that out of their share the companies must pay losses, taxes, general expenses and dividends. The old Biblical axiom that “the laborer is worthy of his hire” holds good to-day, as it always has, and I construe this as meaning that an insurance agent is worthy of 50 per cent. commission. At least that is what I am prepared to offer you, in accordance with my proposition to divide fairly. It is alleged by the old companies that their losses are so great they cannot afford to pay higher commissions. The Franco-German-Anglo-American Combination will not pay any losses, and, consequently, all its receipts will be available to divide between the officers and the agents. In the ordinary stock company the fire

losses are equal to from 50 to 60 per cent. of the premiums. Paying losses is a foolish and unwise practice the companies have fallen into, and one that I do not propose to follow. It is opposed to public policy, inasmuch as it offers a direct premium for carelessness, recklessness and incendiarism. If a citizen is so careless or so criminal as to permit his property to burn, should he be paid for it? By no means. On the contrary, he should be punished as such malefactors are in China, where, if a citizen is so careless as to lose his property by fire, thereby jeopardizing that of his neighbors, he is publicly bastinadoed. Unfortunately, in the crude condition of our criminal laws, we are not permitted to inflict corporal punishment upon our offenders; but we can touch them in their pockets, far more tender points than their feet or their backs. We shall simply refuse to pay any losses whatever. You agents will be expected to scour the country and write policies upon all kinds of property; we care not what may be the physical or moral hazard; write everything, from non-hazardous private residences to combustible ice-houses and explosive powder mills; get the best rate you can, but in any event get the risk and the premium. In this lies your duty. *Your* objective point is the premium, one-half of which goes to you and one-half to me. Get premiums, and regard not the manner of your getting them. The settlement of losses belongs to another branch of the business, with which you need not concern yourself. Nevertheless, I will tell you confidentially how our losses will be evaded—not settled. Every well-organized insurance company has its adjusters, who go about compromising with and compensating persons who have sustained losses by fire. The Franco-German-Anglo-American Combination will operate on an entirely different plan. When a loss occurs under one of our policies, the claimant will, of course, clamor for his money. We will simply let him clamor until he begins to threaten legal proceedings. Then we will send two or three adjusters, with loaded revolvers and bowie knives, to pounce down upon him, and with profane threats to blow his brains out, induce him to surrender his policy, give a receipt in full, and publish a card in the local paper complimenting the Combination for the alacrity with which it settled his loss. This not only disposes of his claim, but will tend to bring in new business. I had hoped to secure the services of that noted Missouri adjuster, Jesse James, as the head of our adjusting corps, but, unfortunately, a lawful bullet, illegally directed, put an end to our negotiations and Mr. James simultaneously. I have heard of a band of "scalpers," however, in La Salle street, whose services I may be able to secure, who, in conjunction with half a dozen prize-fighters I have engaged in the East, will make an excellent corps of adjusting intimidators. Occasionally a man is found for whom a revolver has no terrors. For such cases I have engaged a number of professional swearers from the police courts of New York and Chicago, who will at any time make affidavit that they personally saw any man we may designate set fire to his premises, and support their statements with such circumstantiality of detail that the man

himself will be forced to believe them. No respectable business man can stand against such evidence of his rascality as we will bring, and rather than have it presented in court, will cheerfully surrender his policy and give a receipt in full, accompanied by the customary card in the local papers testifying to the promptness and courtesy of the agents of the Franco-German-Anglo-American Combination in settling his loss—more advertising for us without the accompaniment of a printer's bill. By these and other devices that will readily suggest themselves, we propose to deal with all claimants for losses under our policies. Recognizing the destruction of property by fire as both a local and a national calamity, we shall steadily refuse to recompense those who recklessly contribute to the impoverishment of the nation.

While the Franco-German-Anglo-American Combination will be an active member of, and in full fellowship with, all organizations of underwriters—the Northwestern Association, the Union, the National Board, the United Underwriters in America, and all State and local associations—it will not be bound by the dictum of any. All orders and regulations issued by such bodies will be duly forwarded by me to our agents, but I want it distinctly understood that they are intended in a *Pickwickian* sense—to be followed where they conduce to our interests and disregarded where they conflict with the policy I have briefly outlined. Why should we be the slaves of any organization or of any clique? We have our own methods of doing business, which are distinct from those of any incorporated company, and we are not to be restricted or embarrassed by the rules and regulations that experience has demonstrated to be necessary for the management of stock companies. We care nothing for the experience or the traditions of other fire underwriters, for these are lights applicable only to the practices and methods heretofore followed. We take a new departure entirely, ploughing in an old and overworked field, to be sure, but avoiding the devious and well-trodden paths of our predecessors. The premium is our objective point, and we go for it by the shortest and most direct route. While the old stock companies may beat about the bush, and become entangled in the underbrush of dividends, losses, reserves, surplus, moral hazard, special forms, etc., we keep the premium steadily in view and steer our course accordingly. The pronouncements of the National Board, the Union, the United Fire Underwriters, and even the Preying Band, fall alike unheeded upon our ears. We enter into no compact that is calculated to rob us of any portion of our premiums. State legislators and insurance commissioners will thunder about our ears in vain; for, being individual underwriters, we are a law unto ourselves, and yield allegiance to no organization of mortal man—unless by so doing we can increase our premium receipts.

The agent will find it easy work to obtain business for the Franco-German-Anglo-American Combination of Fire Underwriters. The name itself is a passport to success, while the fact that Vanderbilt, Astor, Jay

Gould, Jim Keene and other millionaires have contributed its five millions of capital will secure public confidence. Property owners will clamor for our policies, and no insurer will be happy without them. They will take precedence over the policies of any of the stock companies, for it will be assumed that these millionaires guarantee our contracts. With the simple announcement that we are in the field and ready for business, premiums will come rolling in without solicitation. All that agents will have to do will be to take care of their 50 per cent. of them, and remit the balance to me promptly by draft on New York. In a very few months we shall all be lolling in the lap of luxury, and such of you as have not already got fast horses had better be on the lookout for them immediately. I have my eyes already on a beautiful pair and only await the first remittances from you agents to complete the purchase. I look forward anxiously to the day when I can go spinning up Harlem Lane behind two fast trotters, crowding Vanderbilt to the wall on one side and Jim Keene on the other, distancing Maud S. entirely; and casting a cloud of dust over Keene's whole stable. And it wouldn't be the first time, either, than an insurance manager has thrown dust in the eyes of his stockholders or ridden over them rough-shod. But, as I remarked, the work of the agents of the Franco-German-Anglo-American Combination will be easy. I shall exact no morning reports from you—only daily remittances; there will be no inspection of risks to make, for we care nothing for the fire hazard. There will be no solicitation for you to do, for such business as does not come to you voluntarily will be brought by those ever-vigilant, keen-scented, jolly fellows, the brokers, to whom you will make such concessions in rates that they will collect their commissions from their clients. There will be none of that daily routine of office drudgery now required of you by the companies you represent, and no special agent will drop in unexpectedly to disturb your luxurious dreams—unless you become delinquent in your remittances to me. Keep my bank account good, and I care not what else you do. Of one thing you may be assured, the Franco-German-Anglo-American Combination will never write policies at the home office to your prejudice. I know this has been the illegitimate practice of many of the legitimate companies, but the officers of our Combination will be too intent upon spending the income you will provide to indulge in anything partaking of the nature of business. Besides, I entertain the somewhat unpopular idea that the business to be obtained within a given district naturally belongs to the agent whom I have appointed for that district, and that when any of his business is written at the home office he is robbed of his 50 per cent. commission. This may be singular, but it is evidence of the conscientious manner in which I propose to deal with you. The office itself shall not compete with any agent for any business belonging to his bailiwick. Whatever of premiums are to be gathered anywhere I expect you to get, and to divide fairly in accordance with the time-honored maxim, "honor among underwriters."

We hear much about the evils of over-insurance and the perils it engenders, because of its being a temptation to incendiarism. From the sketch I have given you of our proposed operations you will, of course, conclude that over-insurance has no terrors for us. On the contrary, we desire every man to take our policies for as large an amount as he can pay for. Property-owners are at liberty to put such fictitious value on their property as they please, provided they pay premiums corresponding thereto. Valued policy laws do not frighten us in the least, and the fact that these make the sum named in the policy the measure of damage in case of loss, shall not deter us from accepting any premium offered, for we shall pay no losses of any kind. Agents, therefore, will encourage over-insurance in every instance where, by so doing, they can increase the amount of the premium. The effect of this course upon the public morals is no affair of ours; we are not the keepers of public morals; our business is to sell as much insurance as possible for the highest price we can get, and if property-owners choose to become incendiaries, thereby defying the fire hazard of the next world, that is their look out, not ours. We will take their premiums if they will only take our policies.

I might continue at length to explain to you the many advantages offered agents by the Franco-German-Anglo-American Combination, but each one of you will be able to see them for himself, and, applying to his own case and surroundings the few hints I have given, will mark out for himself a course that will put money in his purse and mine. I take it for granted that each one of you is possessed of an inventive faculty, and will readily devise new methods for obtaining business, or adopt the practices now in vogue and not here referred to. If you find an active competitor in the field in the person of another agent, buy him off by offering him a larger commission than he receives from the old companies. If he refuses your offers bribe his clerks to inform you as to his lines and his expirations, then go for them yourself. If a successful broker offers his business to the highest bidder, outbid all competitors. Accept any special form of policy an insurer may offer you, provided it is accompanied by a cash premium. The agent who will, under any consideration, permit a premium to depart from him, is unworthy to represent the Franco-German-Anglo-American Combination. Let your premiums be all in cash, although bankable paper need not be refused. Cash is what we need, and it is useless to encumber ourselves with assets that cannot be immediately converted into money in an emergency. Premium notes would not be available in case a sudden journey abroad should be considered necessary for the preservation of the health of yourselves or your manager. Let your collections be in cash and your remittances to me prompt, and in gilt-edged bankable paper.

We shall, of course, meet bitter opposition from the old line companies, but what will this amount to in the face of an army of 5,000 agents, armed and equipped with a 50 per cent. commission? Should they attack us on the

proved profitable, it became an established feature in connection with maritime commerce, and known as Marine Insurance, which dates as a business from about the fifteenth century, although it is claimed to have been originated as early as the twelfth century. The primal object of early underwriting was to furnish indemnity to the owners of property for such loss as they might sustain from the hazards to which their property might be subjected, and the early contracts or policies were framed with special reference to this idea, or object—*indemnity*.

Fire Insurance, in which branch we are more particularly interested, takes its origin from Marine Insurance, and though dissimilar from it, follows the idea of indemnity for the loss of property—the hazard insured against being *fire*, and affecting property on land. This branch of insurance dates back a little over one hundred years, but, in fact, it has had its main growth within the last fifty years. Like Marine Insurance, it was first conducted by private individuals or associations of individuals, and was entered into by special contracts, conditioned as the parties to them could agree; but as in marine, certain forms of contracts fell into general use.

A history of one hundred years has given Fire Insurance a prominent and distinctive place in the varied enterprises which characterize the present day.

From a small and somewhat indefinite beginning, that which was at first a private undertaking by individuals and applied in a limited way to buildings and houses in the last fifty years, we may say, has become one of the most important branches of business in which capital and knowledge are employed, and is under the management of corporations created by law, possessing immense wealth, and whose business transactions ramify the whole world.

Fire Insurance is the great financial guarantor against loss of property wherever capital finds investment or industry accumulates its earnings. It reaches out and covers property interests of every description, and is so closely allied to all industries that the present machinery of business could not be conducted without its aid. From the farm to the factory, and from the dwelling to the counting-house, Fire Insurance is a serviceable auxiliary in the development and maintenance of every variety of enterprise. By the credit it establishes, it offers a stimulus to trade almost beyond calculation, for, under its protection, business is expanded and sustained beyond the limit of the capital employed, and to the extent that it protects property-owners from loss, it fulfills its object and serves to build up every industry in which men are engaged. It distributes among the many the losses of the few, thus equalizing the losses of property among the insured, and enabling industries to sustain losses which, without it, would be ruinous.

The dwelling of the poor man is built at the cost of years of toil. Its loss to him would be irreparable; but through the aid of insurance he is

afforded ample protection and is encouraged to build and ornament his home, and to add so much more to the wealth of the country and to the comfort of his surroundings, and as comfortable homes tend to make good citizens, insurance comes in for its share of influence for good upon society. The same thought applies to all men in all stations and pursuits in life. Protection from loss is an incentive to action, to thrift, to good citizenship, and from this point of view, insurance is a factor in social economy to be encouraged by the public, by appropriate laws, if necessary, as something calculated to improve the condition of society. That such has been its effect its history abundantly testifies, as shown in its record, not only in this country, but all over the civilized world wherever it has entered into the business economy of the people.

While the original object of Fire Insurance was indemnity to the insured, more than profit to the insurers, or underwriters, the business of underwriting having proved profitable, with its growth it became more and more a money-making enterprise on the part of insurers, affording an inviting field for competition. Individual underwriting was not practiced to any extent, as associations or companies were formed at an early date for the prosecution of the business—some with capital as a guarantee fund, and others with little or none, and as little character as financial ability, but all eager to make money. Perhaps this ambitious desire to make money rapidly out of the business is one of the greatest evils with which it is attended. The single object of underwriters to-day is to make money through the patronage obtained; and while the patrons look somewhat to the character of the indemnity offered, underwriters look only at the prospective profit to be realized from their underwritings. This, as the chief object of insurers, has had its effect upon the business. Under its influence the original dual objects of underwriting—first, indemnity to the insured; and second, profit to the insurer, the former seeking the latter—have been reversed. The original simple policy of indemnity has been changed to conform more nearly with the present object of insurers, and the features of practice have been modified in the extreme desire for business which exists. These changes must be regarded as evils affecting the business of underwriting as originally conceived, and detrimental to its real object and usefulness. It is in the nature of things, however, impossible to conduct so vast a business as insurance is now, with the immense capital invested, except upon the basis of profit to the insurers. Indeed, the profit realized should be liberal to pay for the hazards to which capital is subjected; yet an over-weening desire to grow rich out of the business tends to its injury by over-stimulation, excessive competition and looseness of management. Insurance, like any other business, for its own good, should not have too many engaged in it.

From the beginning, insurance has been a business of special contract. Originally this contract, or policy, was framed with conditions as

safeguards against fraud. It was simple, yet broad enough to sufficiently protect both parties to it. But as the money making object on the part of underwriters grew into keen activity, the spirit of equity with them became less sensitive, and technical clauses were added from time to time, to serve, when required, as defenses to claims for losses. The motive which prompted some of the changes made in the contract have had too great an influence with underwriters, and the broad spirit of commercial probity, which should exist in all business transactions, has been lost sight of to too great an extent.

Money making should not be the only object with insurers. To effect a permanent growth of the business upon the basis of even-handed justice, never losing sight of the original object—indemnity—is quite as important as making profits for dividend. The unilateral and technical contract now in general use, is regarded as looking on one side rather than equally on both; at least, such is the opinion of the public, as expressed in the verdicts of juries and the decisions of courts. The money making spirit of underwriters should find its principal demonstration in activity and skill in management, in greater carefulness in the selection of patrons and risks, and in lines and rates, rather than by seeking salvages on losses through technicalities, at the expense of full indemnity to the insured—the real object of insurance.

It makes but little difference to the underwriter what property he lost, provided a proper rate has been obtained for the hazard. Whether one entirety or several, or whether one part or several parts of a risk, or whether of one class of property or another, matters not, if of sufficient value and character to be legitimate subjects for insurance. If the value be in the property lost, the insured is, in the true spirit of underwriting, entitled to indemnity for all the property entering into the aggregated value. It is value that requires insurance, not things. Things only represent value, and insurance should follow value. A building and its contents, of whatever character, if owned by the individual, constitutes his property, on the value of which he requires protection from loss. It is immaterial to the underwriter whether the whole or only a part of the entire property covered be destroyed, whether frescoing or floors, plate-glass or putty, cellar or garret, if the value equal the insurance, except as affecting the matter of salvage; but with a view to salvage specific amounts are written upon as many classes of subdivisions of property as can well be made. True, if the insured assent to this he must not complain if in the end, in case of loss, he shall find himself a loser with sufficient aggregate insurance to cover his entire loss. Nevertheless, this specific hedging for salvage where the full amount of the insurance is represented in, and is predicated upon, the value of the property covered, is not in harmony with the original object of insurance. Whether the insured be indemnified or not, is not sufficiently

considered by underwriters, whose chief concern in cases of loss, is to see how little must be paid, regardless of the amount written or property written upon. Discriminating against certain parts of a building which go to make up the entirety of the structure, and the division of personal property into several specific subjects or classes, which form so many parts of the whole, is inconsistent with the idea of full indemnity, and is a practice devised to reduce losses and swell profits.

A margin of uninsured value in property, of say one-third, or one-fourth, or any other fractional proportion of value, to guard against fraud, making the insured a co-insurer with the company, is in keeping with first principles, is wise as a protective measure, and for obvious reasons, is for the best interests of underwriting and of society. But the value of property and the amount of insurance being fairly determined, the insured, if he pay for it, is entitled to full indemnity on the aggregate of property covered, regardless of its class or character. If the ratio between income and outgo be too high the remedy should be in *rates*, and not in specific insurances to produce salvages, which must be made, if made at all, at the expense of full indemnity.

Specific insurance on real and personal property may, with propriety, be made, but the division should go no further. Broad underwriting means full indemnity for loss to honest claimants to the limit of safety. Hedging for salvages in policy writing, to reduce losses, is not broad underwriting. Profits should come from rates, and indemnity for loss, up to the full amount written, should be paid on the entire property covered.

THE CONDITION.

The condition of insurance is the natural sequence of the influences under which it has been conducted. In view of the short period of its development from its small beginning to its present mammoth proportions, during which time it has been in an experimental state, it is not surprising that the business should be somewhat irregular and imperfect.

The speculative spirit with which capital has been invested, and the unexampled zeal with which the business has been prosecuted, especially within the last twenty-five years, could not but produce something of the condition which now exists. Much has, indeed, been learned, but much more remains to be learned. It is only by taking retrospects and making comparisons of the status held at different periods, that underwriters can observe the progress made, note the evils which have been overcome, discover the errors which still exist, and determine their course for the future.

In the light of experience it can hardly be denied that insurance has suffered most from want of definite knowledge of the business, from selfishness and bad management—causes sufficient to ruin any business—yet insurance is advanced from the point of its beginning, and is in a more vigorous spirit than ever. The want of accurate knowledge regarding the

measure of hazard attaching to the various kinds of property to be insured, has been the chief difficulty with underwriters. If they knew just what each risk was worth as a fire hazard, rates, which express the value of fire hazards, would readily adjust themselves to a proper figure, including losses, expenses and profit. But when the first point in the calculation—value of hazard—is an unknown quantity, any attempt to reduce the business to a system, much less to evolve the science, if you please, of underwriting, must prove a failure. The experience of one year furnishes but an imperfect guide for the next, for with constantly changing conditions experience is constantly changing, and the rule of to-day is of little or no value to-morrow. As yet, the primary data for arriving at the correct insurance value of fire hazards, either detached or exposed, is wanting and probably always will be, and the most that underwriters can do is to grope their way along by such light as experience may give them, and trust somewhat to the future for good results. With all the knowledge to be gained from the experience of the past, underwriters are as uncertain of their profits at the close of the year's business now as they ever were, and can no more depend upon their incomes meeting their outgoes, or their assets meeting their possible liabilities, than they could ten or twenty years ago. The ratios of premiums to losses and of assets to amounts written, are no more favorable to companies now than at any previous period in the business, and positive success is no more certain than at the beginning, for no definite rules of guidance can be laid down which, if followed, will lead to certain results.

Under excessive competition, such as now exists, with no absolute rules by which to be governed, the tendency is to low rates and loose practices, the effect of which the business is experiencing to an extent which demands remedial attention. Perhaps, notwithstanding the vigor with which the business is now prosecuted, there has never been a time in its history (omitting the years of the great Chicago and Boston fires), when the outlook for profit was less encouraging than at this time. The annual exhibits of companies for years past have not shown the business in the aggregate to be profitable, while the exhibits for this year bid fair to be less satisfactory than several that have preceded them.

The causes for the continued depression of insurance in times of general prosperity like the present, are subjects for serious inquiry on the part of underwriters. Glancing over the history of the business for the past few years it is evident that the want of unselfish, hearty co-operation in matters of sound practice among companies is the primary cause of its present unsatisfactory condition. Its management is in their hands and they must be held responsible for the results of their action or inaction. The public demand insurance protection, and it is for the companies to say upon what terms it can be had.

Prosperity or adversity with companies depends chiefly upon the question of rate, and next upon that of practice. Rate, in brief, is the key

to success or failure, and to the question of rate underwriters must first address themselves, and then to that of practice. What would be proper rates, or whether flat rates or schedule, let the companies determine by consultation in the light of combined experience, and whether high or low, the insuring public would become accustomed to them, and if equitable and firmly adhered to, would be secured without difficulty. It is the inequalities and constant changes in rates which cause most of the trouble by destroying public confidence in the judgment or sincerity of underwriters in fixing them. Constant tinkering with rates means constant dissatisfaction with the insured and demoralization with companies. The nearest approach possible to proper rates should be fixed upon and strictly adhered to for the good of underwriting and the better security of the insured.

That rates at this time need to be regulated and advanced, the last financial exhibits of companies plainly indicate, and that practice in many particulars needs correction is evident from the irregularities which now exist; but whatever action is to be had upon rates and practice must be taken by the companies themselves, for it belongs to them to inaugurate all measures of needed reform, and until they shall take the initiative and be persistent and consistent in their course, no permanent improvement in the business need be looked for. Temporizing expedients will not suffice. The cure for present evils must be radical and go to the root. Rates must be brought to a paying standard, and practices which have been found injurious must be abandoned, such as granting insurance to individuals of doubtful character, or upon objectionable risks, or for amounts to tempt the incendiary, or at rates below the point of remuneration, as estimated, or granting innovations by endorsements upon the wholesome conditions of the contract, or of the rules of sound practice as experience has taught it. In the present sharp competition for business it is hardly to be expected that rates and practice would retain a healthful tone. Indeed, a state of things which should not exist has crept into the experience of companies from excessive competition, the effect of which is shown in the unprofitableness of the business and the tendency to demoralization. That reformation is needed the situation fully demonstrates, and that companies have a duty to perform in effecting such reformation is clearly apparent.

Another feature of the business which demands the attention of companies is the hasty and sometimes unintelligent settlement of losses. Frequently too much or too little is paid, and either the companies or the insured are prejudiced thereby. Then losses are often paid or compromised, which should not be paid at all, thus doing injustice to companies and the public by inviting the occurrence of similar losses. Next to the establishment of rates the mode of settlement of losses demands the attention of companies, for both their outgoes and their reputations are involved in the adjustment of losses. It is one thing to *adjust* a loss and it is quite another

thing to *settle* a loss. An adjustment means the true recognition of the rights of both parties—the insurer and the insured—and the equitable consideration of the interests of both. A settlement often means jumped at conclusions without much, if any, regard to the equities of the case in hand. Every loss should be settled upon the basis of an *adjustment*, whether total or partial in its results; anything else is mere guesswork, and wrongs either the companies or the insured. No company can afford to settle its losses without first adjusting them and ascertaining the actual amount to be paid. Bad settlements injure the business by prejudicing the public against the integrity and intelligence of insurers; and to bad settlements may be attributed the valued policy laws which have been enacted in some of the States. In the settlement of losses the underwriter should observe the golden rule—"Do as you would be done by"—for this rule involves the principles of an equitable adjustment. Sharp practice, as it is known in the profession, is not always honest practice, and anything less than honesty is *dishonesty* and beneath the dignity of underwriting. Then there are practices among underwriters, as individuals, which affect the business to a degree, such as grow out of jealousies, personal differences, the want of good faith and a close observance of the courtesies and amenities of social and professional intercourse. These practices involve all manner of unmanliness, and are hurtful to the extent of their influence. Their presence is more or less felt at all times and possibly always will be, owing to the perverseness of human nature. Nevertheless they should not exist.

THE FUTURE.

Notwithstanding the unfavorable condition of insurance, its future is not without hope. With the capital and ability the business commands, and the experience already had, the future cannot but bring about a better state of things. Errors which have more or less become the record of the past will be avoided, and obstructions to success will be removed as the business advances through the combined effort of those having control. But the future depends upon the Underwriters themselves. They have made its past, and they must make its future record, and whatever improvement is to take place must be brought about by the companies themselves acting in the spirit of professional progress. The stream will not rise higher than its source, nor be purer than its fountain-head. The inspiration of companies is the inspiration of their representatives, and whatever agents are their companies make them. The reformation of the future must begin with the companies, and from them, as exemplars, their representatives may be expected to catch the inspiration which shall lead to the improvement of the business with which they are identified. Under the influence of a broader conception of the business, the policy, a contract of the future, will assume more of its original character, and be less technical and less burdened with unnecessary conditions than is the present policy.

The practice of the future will also be more conservative, and there will be a closer scrutiny into the character of persons and risks, competition will be less, for the constant tendency is to a reduction of the number of companies and the gradual concentration of business in the hands of the larger and more prosperous organizations, and as the number of companies shall be reduced the number of agents will also be reduced, and this thinning out of competitors will, in a measure, relieve the business from its present pressure and tend to a better condition of things, and it will be less difficult to maintain rates and good practice than at present. Among other things, better building regulations will obtain, and with better buildings will come fewer fires and less drain upon insurance capital. Obnoxious laws relating to insurance, which have been brought into existence largely on account of the action of companies, if the companies come up to the full measure of what may be justly demanded of them will be repealed, and future legislation will be helpful and not harmful. Insurance legislation, it must be remembered, is what companies make it. In other words, they invite it by their course, and for that which has been had, which may be thought inimical, they may thank themselves. The public is not antagonized against insurance, only as the practice of companies antagonizes the public, and all obnoxious laws will find their origin in the antagonism which the companies have engendered. The business of fire underwriting is now going through the period of experimental development, and until that development shall have reached a higher degree of perfection than exists at present, there will be more or less irregularity in the business, with alternations of success and non-success.

In carrying out the reforms which must come in the business of underwriting, it will be necessary to have organization from the highest official to the most humble representative, and through the efficiency of a strong organization must the accomplishment of the end desired be achieved. In the advance to be made each underwriter has a duty to perform, and according to his ability and his opportunity let him perform it.

The President: Gentlemen, we now have an opportunity to hear the reports from State Boards, and will listen to Mr. Weinland, the Secretary of the oldest State Board represented in the Association.

Mr. J. A. Weinland—

MR. PRESIDENT: In the absence of our President, Mr. S. J. Bonar, it is my privilege to report to you that the Ohio State Board still lives, although I regret to announce that it is at this time in a somewhat precarious condition of health, it having been stricken during the past year with that dread

disease—paralysis. Having been so sadly afflicted its usefulness has been greatly impaired, and its inactivity not only marked, but painful. I may be permitted to explain that this paralytic stroke was superinduced by what we conceived to be a too close application of "*cold shoulder*" presented to us by our superiors—the officers and managers of the companies in interest. I am glad, however, to report that a council of eminent and wise physicians have been called in, who have diagnosed our case, have pronounced us not beyond cure, have prescribed certain remedies and assured us that if the prescription was properly filled and the directions carefully followed, we might look for not only a speedy but a permanent cure.

The first and important injunction was, that we must have no more "*cold shoulder*," that we needed and *must have* "*warm shoulder*," and plenty of it, and with a view to finding out whether or not we could be supplied with this much-needed medicine, a circular letter was addressed to all the companies doing business in Ohio asking whether, in the event that the Ohio State Board should undertake certain reforms, we could *depend* upon the support of the companies. I am happy to record that replies were received from a large majority of the companies, and without exception, I believe, the responses were favorable, and at once our patient's pulse began to beat stronger and gave us hope of ultimate recovery. Upon receipt of their replies our President called a meeting of the Executive Committee for a conference with the Local Board Commission of the Western Union and representatives of Ohio State companies. The conference was had at Dayton on the 15th of August, and it was decided to make certain recommendations to the State Board, which, we feel quite sure, will not only change our State Board from a mutual admiration society to a working body, but will bring about a much needed and prompt reform, and make the Ohio field what it was in its palmy days—one of the most profitable in the Union.

We hope the officers and managers will see that this matter is of such vital importance as to induce them to have a representative at the next meeting of the Board. I may add that if the movement fails it will not be the fault of the Ohio State companies, or what are termed the non-Union companies, for I am greatly deceived if they are not ready to give this reform movement a hearty and unreserved support, and when I tell you that within a fraction of one-half of the business of the stock companies in the State is written by these companies, you will realize the importance of a hearty co-operation while they are now ready.

I repeat it, that this movement *must* have the *hearty* and *prompt* support of the Union companies, or the grand old commonwealth of Ohio, the State which is a synonym for greatness in more things than politics, the State which has for so long a time furnished a field for profit for all companies which have chosen to seek a home with us, will have once and forever passed from a profitable field to one of *loss*.

The present scramble for business by the leading and most prominent

companies at rates which are absolutely ridiculous is a burning shame, and can lead to but one result—disaster.

My only apology for not boring you with a long column of statistics recording the work of the Ohio State Board is that we have done nothing to *make* statistics. We have but few working Local Boards in the State, although the agents in very many places are crying for them. We propose, however, if you who are interested in the Ohio work will attend our *next Board meeting* and assist us in organizing the movement herein indicated, that we shall have Local Boards in most of the important towns of the State before the year closes. With these remarks, I submit the following report:

OHIO STATE BOARD.

The Ohio State Board, an organization which had its origin in about 1868, has had a continuous existence down to the present time. During its earlier history, it may be fairly said that its influence for good in the organization of Local Boards and the fixing of paying rates was felt and recognized.

I regret to say, however, that during two or three years past the plan of districting the State and appointing committees made up from the force of General, State and Special Agents has proved a failure, for the reason that the general duties of the field force require their time and attention so constantly that proper attention was not and could not be given to the committee work, and for the further reason that the companies were not united, and some were not prompt in sustaining the committee in their work; and through the onward march of General Demoralization—the most energetic general we have in our field—and the pressure from mutual competition, our Board is losing its influence, and it cannot be said to-day to be even a fair specimen of a mutual admiration society—on the stock plan.

Underwriters who look back over the history of the insurance business in Ohio during ten or fifteen years past will notice that for years our State rivaled the best States in the Union in its record as a profitable field. But as you come down the line to a period covered by the past five years you will notice a steady gain in loss ratio, not so much on account of increase in amount burned as in the reduced premium receipts. And it has come to be a matter of common remark that unless the downward tendency be checked, and that *promptly*, and the three elements or three classes of companies who, acting as a unit, could control the business, *face to the front*, and unitedly put the business upon a basis of respectability and profit, Ohio will very soon be classed as an unprofitable field.

Too much praise and honor cannot be accorded to the gentlemen who compose the Western Union, for the grand results already accrued and accruing out of the managerial system and boards at Toledo, Dayton, Columbus, Springfield, Cincinnati and other points. But the time has been

reached in our State when, if further progress is to be made and the State redeemed, the *united* action on the question of rates and permits by the Ohio State companies and Union and non-Union companies must be secured.

It will be impossible to succeed with any class or clan influences. The Ohio State companies form a most important factor in the problem to be solved. The lamented Waters, in his last address before our Board, recognized the fact when he said of them: "By the magnitude of their business in Ohio they challenge our respect, and by their adherence with us in doing what they can to lessen the evils under which we all suffer, they command our admiration." The official report of the Ohio business for 1881 shows the Ohio State companies to have received:

Premiums amounting to	-	-	-	-	\$2,066,589 96
Non-Union Cos. (not Ohio Cos.) received,	-	-	-	-	555,000 00
					<hr/> \$2,621,589 96

being the grand aggregate of premiums received by all the non-Union companies in Ohio, as against \$2,281,465.66 received by the Union companies, American and foreign. These figures are approximately correct. Now, Mr. President, with over \$4,000,000 as the crop in Ohio, which all the companies are jointly interested in trying to harvest at a profit, the officers and Executive Committee of our Board feel warranted in asking and confidently expecting the *prompt* and *active* support of the officers of every company doing business in Ohio. We ask these companies to request their Ohio State representative to be present at the State Board meeting which will be called at Columbus at a date shortly to be announced, and *then* the State Board, realizing that the companies sustain it, can readily put into successful operation a plan which will be presented and acted upon at that meeting, to the end that the *vital* question of *rates* and the matter of giving away all manner of permits and other important matters may be disposed of in the present and future interest of all the elements represented. If we *have* such support from the companies, Ohio will *make* and *keep* her record where it should be in our ledgers.

Respectfully,

THOS. C. PARSONS,
Of Ex. Com. Ohio State Board.

STATE BOARD OF INDIANA.

Mr. W. H. Seiders—

MR. PRESIDENT AND GENTLEMEN OF THE ASSOCIATION:

I am glad, after an absence of a few years, to meet with you to-day and to look into so many familiar faces.

I have been charged by the Indiana Association of Underwriters with the pleasant duty of making a report of its organization and the results of its labors to this Association. I desire to say, before coming to my subject, there

is no department of business where systematic organization, combined with experience, is so much needed as in the business of fire underwriting.

The officers of companies and their traveling and local agents sustain a close and mutual relationship towards each other. This relationship, together with the necessity of Local Boards, uniform rates and the restoration of confidence among local agents—that seemed to have taken wings and flown from their midst—prompted the organization of the Indiana Association of Underwriters nearly two years ago, under the “baptismal” name of *Indiana Union*. At our annual meeting, December, 1881, our constitution and by-laws were revised and the “child” called “*Indiana Association of Underwriters*.” This Association is composed of State and Special Agents in Indiana and those who do not live in the State but have jurisdiction within her borders, and General Agents and officers of companies.

When we started out on our mission of binding up the wounds and pouring in the healing “oil,” like the good “Samaritan,” our State, in common with most others, was in bad condition.

There was a free fight among local agents in the matter of rates.

We organized December, 1880, with a membership of nineteen. The membership has increased steadily until it now numbers thirty-five.

All the companies having State and Special Agents with jurisdiction in Indiana, gave us a hearty and cordial support from the beginning of our work, with two exceptions, but these neither interrupted the work nor seriously interfered with the efficiency of the same.

When our organization commenced its labors there were few cities or towns that had Local Boards, and none were harmonious or in good working condition. There are now fifty-eight cities and towns in which Local Boards are maintained, and, as a rule, they are working harmoniously. There is quite a number of the smaller towns that have neither tariffs nor boards. In these towns there should be rates made at least. In the next few months work will be commenced in that direction. The State Board has assisted the above cities and towns through its committees in their organization of boards, and in many cases in the revision of old tariffs and in making new ones.

When difficulties have arisen, which threatened rupture and demoralization and losing all the ground that had been gained, we have rarely failed to bring about peace and harmony. Our committees have made written reports (of the kind of work done) which have been placed on file and record made of the results. Since the adoption of the present constitution of the Association it has maintained monthly meetings, all of which have been well attended, except the August meeting, when a number of the members were absent from the city and State. At these meetings each member would indicate the towns where our aid was needed, and then committees were promptly designated to give these towns attention, and frequently the cry would spontaneously come from local agents, “Come over into Macedonia and help us.”

These committees generally consisted of three to five. In three instances, I believe, it consisted of a committee of the whole. But the committee, whatever its size, carried with it all the power of the State Association, and the work has been effected.

There have been forty-eight visits made by committees of the Association during the past nine months, and the cities and towns visited are as follows: Aurora, Brookville, Brazil, Bedford, Bluffton, Bloomington, Butler, Crawfordsville, Columbia City, Columbus, Cambridge City, Decatur, Evansville, Elkhart, Edinburg, Fort Wayne, Franklin, Goshen, Greenfield, Indianapolis, Kokomo, Liberty, Muncie, Marion, Mishawaka, New Castle, Plymouth, Peru, Richmond, South Bend, Spencer, Seymour, Terre Haute, Tell City, Thornton, Union City, Vincennes, Washington and Zionsville.

Some of the above cities and towns were visited twice during the past nine months.

In conclusion, gentlemen, allow me to congratulate the companies, this Association and the local underwriters in Indiana on the substantial progress we have made in the principles of correct underwriting, and the effective work done by the members of the Indiana Association of Underwriters, and to assure you that the good work will go on until all the rebellious elements are brought into line, unless the companies make it impossible by withdrawing their support.

W. H. SEIDERS,

Pres. Ind. Ass'n of Underwriters.

STATE BOARD OF MICHIGAN.

Mr. L. H. Fox—

Thanking this Association for the invitation to be represented at this meeting, the following brief report of our Michigan organization and local boards in our State is respectfully submitted:

On the 29th of August, 1881, seven General and Special Agents of leading companies met at Detroit and effected the re-organization of the old State Board. There were present at this meeting E. C. Preston, Secretary Michigan F. and M.; L. H. Fox, State Agent Ins. Co. N. A.; John F. Murray, State Agent Continental; A. G. Lindsay, General Agent Manhattan; Rogers Porter, of the German American, and Geo. W. Chandler, State Agent of the Hartford. The constitution and by-laws of the old organization was then adopted, but subsequently amended, officers elected, and a call issued inviting those having State jurisdiction to join the Association and co-operate for the purpose of organizing Local Boards and carrying out the wishes of the Union. At the second meeting held in September nine new members were added, giving us a membership comprised of sixteen representatives of the leading companies. A full discussion of the situation in the State was had, and the Association resolved to at once proceed to the work of

re-organizing Local Boards in towns where disaffection was reported and organizing boards in towns where none were in existence. From that time the work has been systematically prosecuted by committees appointed at our regular monthly meetings, and with much better results than was hoped for. For Local Board work fifty-one committees have been appointed. Of this number forty-three have completed their work, and Local Boards have been organized in forty cities and towns in the State—their tariffs covering the risks in thirty-nine places. Fifteen towns have been visited and the Local Boards re-organized. Nine committees have visited Local Boards, at the request of agents, for the purpose of settling differences of opinion on questions of rate and practice. A goodly number of Local Boards having been working in harmony since 1879-80, it has not been necessary to visit them. There are at present about eighty Local Board organizations in the State, besides compacts at Detroit, Grand Rapids and the Saginaw Valley. As far as reported the same are, with but few exceptions, working in harmony, and rates are faithfully observed. There are still some thirty of the smaller towns where boards should be organized, besides the Lake Superior District, no work having been done by us in that section. Our Association now numbers thirty-three members, representing the companies doing the major part of the Michigan business. Meetings have been held regularly on the first Monday of each month and always well attended. Our differences have so far been amicably settled, and a spirit of harmony and good feeling prevails.

As to the needs of Local Boards we all agree that when once established the organization should be kept alive, regular meetings held, officers elected, the proper committees appointed and required to act, new risks promptly rated, and new agencies embraced in the organizations. How can this best be done?

Our committees find that in nearly every instance where they have been called on to re-organize Local Boards that no meetings have been recently held, and in many cases none for several months. As a result, the board has lost all force, differences have arisen and demoralization is the result. Some means should certainly be devised by the companies whereby every agent should be obliged to attend Local Board meetings and assume his share of the necessary work.

A great amount of friction and rate-cutting would also be avoided if a uniform minimum tariff was promulgated and enforced by the companies where no local tariff applies. The cutting of rates in the smaller towns by non-resident agents is a source of constant complaint, and is, in fact, our greatest hindrance to the successful maintenance of Local Boards and tariffs in such places. A number of points might be named, built mostly of wood, with no water supply or fire protection, but where rates are fully 50 per cent. less than in the neighboring city, well built and fairly protected. That it is useless to ask agents in these small places to abide by a tariff when first-class companies accept the risks at less through their agents, who invade

their territory, is patent. So frequent were the complaints in this direction, that our Association, after referring the matter to the Local Board Commission, mailed last July an official circular to every agent in the State, instructing him to respect the tariff of all Local Boards, and where none existed not to write at less than last year's rate, pledging the support and influence of our organization to all agents in upholding the local tariffs. The companies could, we think, render effective aid in this matter by positive instructions to their agents, and by insisting upon knowing the last year's rate on the tariff rate in every instance where an outside risk is reported. Other questions pertaining to local boards suggest themselves to us, prominent among which is the payment of extra commissions. Whatever good we may have accomplished has been, to a great extent, due to the hearty co-operation of the Union, who, in every way, have assisted us in the work, and when called on have always responded in an effective manner. We are also under obligations to a number of companies who, though not members of the Union, have in every instance stood by us and rendered us much practical assistance. And while the "situation" in Michigan is not all that could be desired, we flatter ourselves that our labors have not been in vain, and with our present large membership from which to select working committees still better results are hoped for and expected.

W. P. INNES,
R. H. GARRIGUE,
JNO. F. MURRAY.

ILLINOIS STATE BOARD.

CHICAGO, ILL., Sept. 6, 1882.

TO THE NORTHWESTERN ASSOCIATION OF FIRE UNDERWRITERS.

Gentlemen: At the regular meeting of the Executive Committee of the State Board of Underwriters, held in August, the Secretary was directed to prepare a report of the State Board for presentation here, as per request of the Northwestern Association, but unfortunately the Secretary has been called West on urgent business, and his report cannot be found.

As President of the Illinois State Board I have hastily arranged such facts as are at command, and respectfully present them.

The Illinois State Board of Fire Underwriters was organized at Springfield, Ill., on the 16th day of February, 1882. At that date a large number of State and Special Agents assembled under a temporary organization, and through committees drafted a constitution, adopted same, elected the officers usual in such bodies, and immediately went to work.

At our first meeting we found representatives of a large majority of the fire companies doing business in the State, eager to become members of the State Board. Our doors were opened to receive General, State and Special Agents, whose jurisdiction was equal to a State or its equivalent.

Annual meetings, according to our constitution, to be held on the first Tuesday in May. Called meetings at any time, by order of the officers, or upon request of a certain number of the members. Thus far it has not been necessary to have any called meeting, our action having been entirely harmonious, and the duties of our Executive Committee having been promptly attended to.

We have an Executive Committee of ten members of the State Board, and the President, Vice-President and Secretary are *ex-officio* members of that committee.

This Executive Committee meets monthly in Chicago, takes up and acts upon all complaints properly presented, appoints committees to visit towns and cities in the State for the purpose of organizing Local Boards, assisting in rating, correcting abuses and working generally for the good of the profession.

With but little machinery, and that running with the least possible friction, we have the pleasure of reporting to this Association a large amount of work already accomplished in the State of Illinois, and great good done in the name of legitimate underwriting. Some of the results of our work may be briefly referred to. Among them our committees of field men have visited towns where there were no Local Boards, and have organized such. They have met at places where Local Boards had a name to live but were dead, and there these committees have re-organized the Local Boards, and yesterday there were in Illinois one hundred and four Local Boards at work, all of which have been organized or re-organized under the direct operation and influence of the State Board, and yet the State Board is now only about eight months old. We are only "spring chickens" as yet, but we went for the "meal" as soon as we were hatched, and some of us had grown gray in insurance experience before the nest for incubating a State Board had been made. We knew what was wanted, what was needed, and we are rapidly supplying our wants and providing for our needs in this State. Of the one hundred and four Local Boards already at work, nearly all are doing well, the members thereof being clothed and in their right mind.

Besides the work of organizing Local Boards our committees have rendered much valuable assistance in *rating*, and in toning up the agents to the importance of doing correct work hereafter. In a very few cases we have found it necessary, in order to accomplish this, to send a second committee to the same town, but rarely has this been done.

The State Board has also accomplished much by way of rating small villages in the vicinity of larger towns, and causing the rates of such places to be printed in the rate-books of the larger towns, thus cutting off all rate-cutting under the pretense of ignorance of rates on the part of agents who do not reside where the risks are located. We have in this way quite effectually stopped a sort of piracy or trespass upon each other's territory, while at the same time we have furnished all the companies with the rates as made in the small places, where, until now, they have had no means of obtaining such.

We have so systematized our work by the selection of committees residing near, or who may, for the time being, be working near the points needing attention, as to bring about desirable results in quick time and at the least possible expense. Notwithstanding this is a fact, it is nevertheless true that our labor has been unequally divided, and that comparatively a small number of our members have done the most of the work. If members of other State Boards have a remedy for this, I hope they will inform us what it is.

We have published a Constitution (or Agreement) for the use of agents in formation of Local Boards, and in every case thus far the same has been adopted, thus furnishing a plain, strong pledge of action on the part of Local Agents, and we hope, in due time, to see a Local Board in every city and town in Illinois working under this uniform Constitution.

Our Committees always extend a cordial and *urgent* invitation to every Local Agent in every town they visit. We believe in free salvation, and that even the vilest sinners, if they can be but brought under the moral and Christian influence of our committees, will be blessed. To accomplish such a desirable result we invite all to join, and in many places our invitation has been accepted, and good men are now working in Local Boards faithfully, who have hitherto kept themselves aloof from such.

Our officers are elected annually by ballot. At present J. M. Hosford, State Agent of the Home Ins. Co., of New York, is President; his P. O. address is Geneseo, Ill. B. T. Wise, State Agent of Phenix, of Brooklyn, is Vice-President; his address is Hannibal, Mo. Robert Zener, State Agent of Springfield F. and M., is Secretary; his address is 118 LaSalle street, Chicago.

Finally, I am glad to report that in all our meetings as a Board and in Committee, we have cultivated the most cordial personal relations with each other. We have often differed widely in opinion, and have freely discussed questions of an exciting nature, but I am glad here and now, while publicly acknowledging the courtesy which *every* member has shown the Chair, to express it as my opinion that *all* have always been willing to yield the one to the other whenever the greatest good to the greatest number could be subserved thereby, and correct principles of sound underwriting be promoted.

All of which is respectfully submitted.

J. M. HOSFORD,

Pres. State Board Ill. Fire Underwriters.

IOWA UNION OF UNDERWRITERS.

DES MOINES, IOWA, Sept. 2, 1882.

GEO. W. HAYES, ESQ., SECRETARY NORTHWESTERN ASSOCIATION OF FIRE UNDERWRITERS, CHICAGO, ILL.

Dear Sir: Answering your favor of July 19, 1882, would state briefly that our State Union was formed on Oct. 19, 1879, with a membership of twenty, which has been increased until we now have sixty members. Our

Union is working harmoniously, and we have our State divided into ten districts, with a strong Committee appointed for each. All that we now need is the strong support, hearty co-operation and prompt action of the companies and managers to carry out the findings of our Committees as reported to the Commission at Chicago.

By order of Executive Committee.

Yours very truly,

H. C. ALVERSON, *Secretary*.

C. W. FRACKER, *President*.

Mr. J. C. Griffiths, Secretary of the "Wisconsin, Minnesota and Dakota Fire Underwriters' Union," made the following report in behalf of the committee:

WISCONSIN, MINNESOTA AND DAKOTA FIRE UNDERWRITERS' UNION.

At the annual meeting of our Union April last, our organization consisted of forty-two members, three of which have since resigned, leaving a membership of thirty-nine, with about eighteen active members. The condition of the several States over which our Union has jurisdiction is about as follows:

Wisconsin—Of ninety-six towns having a population of 500 and upwards, fifty-seven have Local Board organizations, twenty-four of which have been organized since our annual meeting in April last. Thirty-nine towns, with a population of 500 and upwards, have no Local Board organizations.

Minnesota—Of eighty-two towns having a population of 500 and upwards, sixty have Local Boards, twenty-two of which have been organized since April, 1882; twenty-two towns have no Local Board organizations.

Dakota—Of twenty-six towns having a population of 500 and upwards, fifteen have Local Boards, fourteen of which have been organized since April, 1882; eleven towns have no Local Board organizations.

The following is a summary of Boards organized since April, 1882:

In Wisconsin,	-	-	-	-	-	-	24
In Minnesota,	-	-	-	-	-	-	22
In Dakota,	-	-	-	-	-	-	14
In Montana,	-	-	-	-	-	-	1
Total,	-	-	-	-	-	-	61

In a few of the towns named as having Local Boards, they need to be re-organized, with new constitution and by-laws adopted and the rates revised, which, in some places, are much too low.

The officers of the Union intend to push the work with renewed energy, and hope by the annual meeting of the Union in April, 1883, to have all

towns of any importance attended to. Many Companies, so far, have not assisted in the work, and as they share in its benefits, their co-operation is asked.

Respectfully,

C. W. POTTER,
J. J. McDONALD, } *Com. on Report.*
J. C. GRIFFITHS, }

Mr. C. E. Bliven moved that the reports be received and printed with the Proceedings.

The motion was carried.

Mr. Blackwelder: I move that a committee be now appointed to select an Executive Committee for the ensuing year.

The motion was carried.

The President appointed as such committee the following:

Illinois, I. S. Blackwelder; Ohio, J. M. De Camp; Michigan, L. H. Fox; Indiana, H. H. Walker; Wisconsin, C. W. Potter; Iowa, T. J. Zollars; Missouri, S. E. Waggoner; Minnesota, S. S. Eaton; Kansas, G. D. Griffith, Nebraska, H. C. Stuart; Colorado, Anthony Sweeney; Kentucky, J. G. Finnie.

Mr. R. J. Smith submitted the following report from the Committee on Library:

REPORT OF SPECIAL COMMITTEE ON LIBRARY.

Your committee to whom was referred that portion of the President's address relating to library, beg leave to make the following recommendations:

Resolved, That the Executive Committee is instructed to procure a suitable room, which will be accessible to all members, and fit the same up in a suitable manner as a Library Room, and place therein, properly arranged, all the property of the Association.

Resolved, That the Executive Committee is also instructed to select a suitable person to have the care and custody of said room and library. The Committee is also instructed to continue the solicitation from members and others the donation of books, periodicals and other articles of interest and usefulness to the members, and make such rules and regulations governing the library and room as may be best adapted to its condition and usefulness.

Respectfully submitted,

R. J. SMITH,
I. S. BLACKWELDER,
GEO. M. LYON,
EUGENE CARY.

Mr. Bliven: I move that the report be received and adopted.

The motion was carried.

Mr. W. P. Innes submitted the following report:

TO THE PRESIDENT AND MEMBERS OF THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST:

Your committee to whom was referred that part of the President's address relating to over-insurance and the remedy for the evil, would say that they have had the same under consideration, and beg to report that, in their opinion, that matter is of vital importance, not only to the insurance world, but to good citizens generally. The question, to the minds of your committee, affects not only Insurance Companies, but also parties who may not be insured, exposing, as it does, innocent persons to damage occasioned by fires that are beyond their control; and they would respectfully urge that this question be fairly brought to the minds of all Insurance Companies having the principles of good underwriting at heart; and their earnest co-operation asked to right this wrong.

Your committee fully agree with the words of the President, as set forth in his address, that over-insurance leads largely to incendiary fires; and they further believe that it tends to a great degree of carelessness, if nothing more, on the part of the insured who, while he may not be capable of firing his own property, yet has a feeling of security in case of loss, that takes from him that careful watchfulness of his property, which he would exercise if he were to some extent a co-insurer.

Your committee, as a partial remedy for this great evil, would recommend:

First. That the words "Other concurrent insurance permitted," be eliminated from all Daily Reports, and that in lieu thereof the "other insurance" be limited and amount fully stated.

Second. That in all cases the estimated value of the property be given on the face of the Daily Reports, and that the amount of insurance should not exceed 80 per cent. of the value of property insured, and that the maximum, as above recommended on buildings, shall only apply to permanent structures, and not to the large class of buildings as found in small villages and cities of the West.

Your committee, in considering that subject, would recommend as a further partial remedy for this evil, in addition to what has heretofore been suggested, that in the adjustment of losses the question of other insurance be strictly construed by all Companies (as is now insisted upon by many), and that in case parties neglect or refuse to fully and fairly notify the Companies what insurance they may have at time policies were written, or that is subsequently obtained upon their property, they shall deny any liability under such policies.

Further, that all Companies accepting risks shall insist that the name of each Company, together with amount of insurance carried, shall appear upon the Daily Report or Application. We further recommend that Managers, State and Special Agents be requested, in their visitations to State or Local Boards now established, and in the formation of State and Local Boards to be established hereafter, to urge the foregoing suggestions as far as practical, and that they use their best endeavors to carry them out with those controlling their several interests.

Respectfully submitted,

WM. P. INNES,
J. H. STEVISON,
H. H. HOBBS.

On motion of Mr. Bliven the report was adopted.

Mr. T. H. Smith moved that those State Boards which have not yet reported be permitted to print their reports with the Proceedings.

The motion was carried.

Mr. C. W. Potter: I would like to raise the question whether it would not be the better way to give leave to print many of the long papers without reading, so that it will give us more time for discussion. One of the most important questions that could come before us for discussion was not permitted to be discussed this morning, in order to give time for the reading of long papers which we can read and better understand when printed, and I think it is a very great mistake to cut off discussion to make room for the reading of long papers.

Mr. R. J. Smith, from the Committee on Constitution and By-Laws, made the following report:

CONSTITUTION.

ARTICLE 1. This organization shall be known as "THE FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST."

ART. 2. Its object shall be to promote harmony and correct practice among those engaged in the business of Fire Insurance, by an interchange of views, opinions, personal experiences and the discussion of topics of a practical nature. Also the accumulation of a library and articles of interest and usefulness to its members.

ART. 3. Any reputable person who is engaged in the business of Fire Insurance as an Officer, Manager, Supervisor, Inspector, Adjuster, State or

Special Agent (having at least a State or equivalent jurisdiction), shall be eligible to membership.

ART. 4. The officers shall consist of a President, Vice-President, Treasurer and Secretary, and an Executive Committee, which shall consist of one member from each State within the jurisdiction of this Association (and at least three members at large), all of whom shall be elected by ballot at a regular meeting, and shall hold their offices until their successors are duly elected. The President, Vice-President and Secretary shall be *ex-officio* members of the Executive Committee.

Vacancies may be filled at any regular meeting.

A majority of the Executive Committee (elect) shall constitute a quorum for the transaction of business.

ART. 5. Each member shall, on his election, pay to the Treasurer the sum of one dollar as membership fee, and also from time to time pay such assessments as may be levied by order of the Executive Committee to defray the current expenses of the Association.

ART. 6. The regular annual meetings shall be held on the third Wednesday in August of each year, at such place as the Executive Committee shall determine, due notice of which shall be given by the Secretary.

Special meetings may be called by the President, upon request in writing of a majority of the members of the Executive Committee. The object of such special meetings shall be stated in the call.

ART. 7. This Constitution may be altered or amended at any regular meeting by vote of a majority of members present and voting. But the proposition therefor shall be made in writing, and lay over at least one session before final action.

BY-LAWS.

SECTION 1. Applications for membership in this Association shall be accompanied by the name of a member as a reference, and shall first be considered and favorably reported upon by the Executive Committee. A majority vote of all members present at a regular meeting of the Association shall be necessary to elect a member.

Persons who may have rendered this Association valuable service, or who may have reached eminence in the profession of underwriting, may be elected honorary members, and as such shall be entitled to all the privileges and benefits of active members. They shall not be required to pay any dues or assessments, and the President and Secretary shall furnish such honorary members a certificate of their election.

SEC. 2. The President shall preside at all meetings of the Association or Executive Committee. In his absence the Vice-President shall discharge his duties. In the absence of both, some member shall be chosen chairman *pro tem*. In the absence of the Secretary the vacancy shall be temporarily filled.

SEC. 3. The Treasurer shall receive and safely keep all the moneys of the Association, disburse the same only on the order of the Association or the Executive Committee, countersigned by the President and Secretary. He shall render a detailed statement of all receipts and expenditures at each regular meeting and the same shall be accompanied by proper vouchers.

SEC. 4. The Secretary shall keep a true and accurate record of all meetings of the Association or the Executive Committee, collect all moneys due the Association and pay the same to the Treasurer, and under direction of the President conduct all correspondence and perform such other duties as may be assigned to him.

SEC. 5. The offices of Secretary and Treasurer may be held by the same person.

SEC. 6. The Executive Committee shall have charge of all the financial matters of the Association, audit all accounts and bills against the same, and during the interim of meetings of the Association have charge of its affairs. All property of every kind belonging to or under the control of the Association shall also be under the control of the Executive Committee, and it shall make such rules and regulations governing the care and custody of the property of the Association as may be deemed necessary.

SEC. 7. The usual parliamentary rules shall govern all the proceedings of the Association and of the Executive Committee.

SEC. 8. All resolutions shall be in writing and read from the Secretary's desk, and except by unanimous consent, shall be referred to an appropriate committee without discussion or debate.

SEC. 9. Such proceedings of the meetings as the Executive Committee shall determine shall be published for the use of members, and all essays, papers, plans, forms or other matters as shall be submitted in writing as part of the proceedings of the Association shall be considered as the property of the said Association, to the extent, at least, that the same may be printed for the information of its members if deemed necessary or expedient.

SEC. 10. The President shall hold his office but one term.

SEC. 11. The officers and Executive Committee elect shall enter upon their respective duties immediately after the adjournment of the meeting at which they were elected.

SEC. 12. The following shall be the order of business at the regular meetings of the Association:

1. Calling the roll.
2. Reading the minutes of previous meetings.
3. Report of Executive Committee.
4. Election of new members.
5. Unfinished business.
6. Reports of Committees.
7. General business.
8. Election of officers for ensuing year.
9. Adjournment.

SEC. 13. These By-Laws may be altered or amended at any regular meeting of the Association by a majority vote of all the members present.

SEC. 14. Local Agents and others may be admitted to the courtesies of the floor by vote of the Association.

Mr. Bliven: I move the adoption of the Constitution and By-Laws as reported by the committee.

The motion was carried unanimously.

The Secretary read the following communication from Capt. Shaw:

The Marquis of Lorne and the Princess Louise have commissioned me to return their cordial thanks to this Association for the kindness in inviting His Excellency and Her Royal Highness last evening, and to express their regret that a previous engagement prevented them from accepting it, which, otherwise, they should have had great pleasure in doing.

EYRE M. SHAW.

Mr. T. H. Smith submitted the following report:

WHEREAS, It has pleased an All-wise Providence, to whose dispensation we can only bow in sorrow and say, "Thou knowest," to remove from among us our friend and fellow-worker, C. C. Dana.

Resolved, That in the death of Mr. Dana we each feel a personal bereavement, and have to regret that we no longer have the companionship of one whom to know was to respect and love; one who was an ornament to the profession he had chosen; one whose cheering presence, whose cordial friendship, whose upright life, gave us all an inspiration to better things, and whose worthy example left the world better for his having lived in it.

Resolved, That to the Company he so long and ably served we extend our regrets at the loss of one whose thorough devotion to its service, with an eye single to its best interests, commands our respect and admiration.

Resolved, That to the family circle so suddenly deprived of its head, we extend our heartfelt sympathies, and as they mourn the loss of a kind husband and an indulgent father, we also mingle our tears with theirs at the loss of a true man; and while sorrowing for his absence, we have comfort in the thought that the life record he has left is a golden legacy beyond all price.

"Such was our friend. Formed on the good old plan,
A true and brave and downright honest man!
He blew no trumpet in the market place;
Nor in the church, with hypocritical face,
Supplied with cant the lack of Christian grace.
Loathing pretense, he *did* with cheerful will,
What others talked of while their hands were still;

And while 'Lord! Lord!' the pious tyrants cried,
 Who in the poor their master crucified,
 His daily prayer, far better understood
 In acts than words, was simply *doing good*.
 So calm, so constant was his rectitude,
 That by its loss alone we know its worth,
 And feel how true a man has walked with us on earth."

Resolved, That these resolutions be spread upon our minutes, and a copy be transmitted to the family of Mr. Dana and to the Company with which he was connected.

T. H. SMITH,
 GEO. A. HOLLOWAY, } *Committee.*
 R. J. SMITH,

The report was unanimously adopted.

Mr. R. J. Smith: I understand that there is a gentleman here from St. Louis, who has a paper which is not regularly before us, on the subject of a short-rate table, which will occupy about five or ten minutes.

The President: If such be the pleasure of the Convention, and there is no objection, we will hear from Mr. Harvey.

Mr. A. F. Harvey, Actuary of the Insurance Department of the State of Missouri, then gave some very interesting remarks on the subject of Short-rate Tables, with special reference to a new system of calculating short rates, of his own devisement, which were very well received by the Association.

On motion of Mr. Buckman, the Association took a recess to 2 o'clock P. M.

AFTERNOON SESSION.

The Association re-assembled at 2 o'clock P. M.

The Secretary read an invitation from the Chicago Sugar Refining Co. for the members to visit their new establishment, which, on motion, was referred to the Board of Fire Underwriters of Chicago.

The President—

The next thing in order is the reading of the paper on "Fire Departments and Water Supply," by L. D. Moody. You all know of the sad

accident which has called Mr. Moody from us, but he has left his manuscript with Secretary Hayes, who will read it. I shall say, touching the paper, that up to a very late date he did not expect to prepare any at all. He wrote me begging me to excuse him. I was rather heartless in the matter, and would not do it, and so he has prepared this paper within a very few days, and during the duties of his business, and he wants to apologize accordingly.

The Secretary then read the paper, which is as follows :

FIRE DEPARTMENTS AND WATER SUPPLY.

MR. PRESIDENT AND GENTLEMEN OF THE ASSOCIATION :

With the historic view of fire departments, or the relative merits of the different systems of water works, it is not the purpose of this paper to treat. The genius of invention has been busy and prolific in supplying agencies to fight fires.

In all the cities of considerable size in the country the hand-engine has surrendered to the modern steamer; the "bucket brigade" to the Holly and analogous systems; the cistern has disappeared in the huge reservoir, and the electrical alarm and educated horse enable the "fire-boys" to reduce the time within which fire may be reached to a minimum. To utilize and render thoroughly efficient these agencies, is a problem vital to our interests, but not less to the business man, the municipality and the country.

The annual waste by fire is very great, exceeding one hundred million dollars. This startling loss falls in the end upon the country. It bankrupts insurance companies, checks prosperity and often aids and prolongs financial panic.

The underwriter restores no values. He is but the medium to distribute the burdens among the many. He saves the individual and helps to relieve the distress when conflagration sweeps the city out of existence, but if true to himself and his mission the needful is drawn from the property exempt from fire, for there is no escaping the conclusion that the property that does not burn must pay for that which does, if companies are to survive. The frequent observation that underwriters are the only losers when property fully insured burns, is therefore erroneous, if not worse.

The responsibility for the increasing magnitude of losses is, to a large extent, with the business man, the property-holder and upright citizen, and with the underwriters whenever they fail to exert a united influence in removing causes of conflagration and to make departments more efficient. There is a common obligation to devise and enforce means and methods which will reduce losses to the lowest point within reach of human application and endeavor. Out of these general propositions grow the subjects of building laws and materials; fire limits; the exclusion of petroleum and its

products, and other inflammable substances, when they endanger greater values; greater individual care and precaution, as well as some legalized and rigid method of investigating the origin and cause of fires; but their discussion in this paper would hardly be pertinent, and if so, would lead it to a length as discouraging to you as the efforts of some departments to put out fires.

The difficulty at most of the towns and cities having water works is not so much in inadequate supply as in deficient means and want of skill in using it. The efficiency of the department depends very largely upon the chief. When he is intelligent, experienced, skillful, energetic and unwavering in fidelity, his force will reflect his skill and intrepidity. He is influential with the city government, because intelligent and practical in pointing out the defects, both in water supply and equipments. There are some such chiefs. You can locate them. You know the towns where you write with little fear of sweeping fires, and with confidence that the ordinary business hazard will not make you a total loss. There are others and greater in number where there is much paraphernalia and the claim of the "best fire departments in the country," but the hunt for salvage after their work is discouraging. It is not uncommon for fire to escape from the building of its origin, invade neighboring buildings and blocks, cross streets and end its destructive work in serious loss. You can readily name some of these points. The want is skillful chiefs—men of a high order of executive ability, of courage and physical endurance, quick of perception and swift in execution, familiar with the construction of buildings, their stair and hatchways, and all means of approach. There is no office within the gift of the city more important than that of the fire-chief. Its importance in connection with our business cannot well be over-estimated. In the vast majority of towns the rate assumes a degree of efficiency not warranted by the facts, as attested by the numerous and serious losses. Is it not time for underwriters to teach the lesson that preventives are less expensive than cures; that precautions have a well-defined value in their minds, and that neglect as certainly has its penalties?

The proposition that the fire department should be exempt from the demoralizing influences of partisan politics carries with it all the force of an axiom. There can be no proper alliance between fire fighters and fighting factions, and they should be, by universal consent, entirely divorced. To subject the chief and his force (as is the rule) to the schemes of contending cliques and factions—to removal when one party goes in and the other out, or to retain party favorites without qualification—is to invite conflagration. It is worse than Neroism, since it combines with culpable indifference the vulgar ambition of supremacy for spoils. The fire-chief and his force should be made to realize that they owe their positions to personal merit—the result of acknowledged ability, experience and fidelity; that it matters nothing to them how political currents ebb and flow; that their business is to study *fire*—fire in its wildest freaks, and to subdue it for the public good.

Until such becomes the fact, skillful chiefs will continue to be scarce, for experience is the only reliable school; and while the tenure of office is as frail as that of the mayor or council, there is little inducement for competent men to incur the personal peril of education, to be turned out after the next election.

With such abuses and resultant inefficiency in the departments, the cost to companies by the reckless and unskillful use of water, and the frequent failure to confine the fire to the building in which it originates, will continue to be large. We have yielded the rate. The business man and property-holder was clamorous, and the agent who cannot dispose of a gold dollar for more than seventy-five cents in currency (and he is in every town, and it is our fault) readily consented. The rate on stocks went down with the building, when the reverse should have been the rule on the former, and especially on sensitive stocks. The question is whether companies will continue to pay the cost out of their reserves and capital, and, if so, how long can they stand it?

There are many volunteer departments in the country. Their efficiency depends, to a large extent, upon the material interests which the members have in the preservation and growth of the town. As I have before observed, the business man is, or should be, concerned in preventing fires, and whenever the taxable wealth will not justify the expenses of a paid department, he should accept service in the volunteer ones.

Before the modern methods of fighting fires were introduced, men of wealth and high social position, men of the learned professions, as well as the mechanic and artisan, took volunteer service in the departments. This should be the rule now. It will excite a more general interest among all classes of citizens in not only putting out fires, but in preventing them. Organization begets care, and the more character there is in it the more perfect it will be. There are some volunteer departments composed of the best men in the town, and I venture the opinion that all such will compare favorably with the majority of paid ones under the abuses to which I have alluded.

There is a vast number of towns and villages where there are no facilities and no organization. Business men in all of them ought to interest themselves in organizing fire companies.

The cost of arming a "bucket brigade" with leather or rubber buckets is inconsiderable, and therefore within reach of all. With indifferent facilities a well-organized fire company can accomplish much in preventing the spread of fires, and often save the individual risk. Would it not be well for underwriters to encourage this as opportunity offers? If these simple organizations should be made the pretext for a reduction of rate, can't we remedy this by dispensing with the services of that class of agents before alluded to?

The President: We have with us Capt. Shaw, Chief of the Fire Brigade of London, England, who has kindly consented to give us a few remarks on the subject of "Fire Departments and Water Supply." We will listen to Capt. Shaw with pleasure.

Capt. Shaw was greeted with applause, and addressed the Association as follows:

MR. PRESIDENT AND GENTLEMEN:

A stranger like myself must naturally approach a subject of this kind with a great deal of diffidence, and I can assure you I do so on the present occasion; and nothing but the personal wish of yourself, sir, would have induced me to address this meeting at all except in the way of joining in the small discussions which have taken place on matters of detail. But as you, sir, have done me the honor to ask me to give a small account of my establishment in London, I cannot refuse you, sir, and I obey your orders.

With regard to the paper which has just been read (a very short paper) I think the gentleman who wrote that has given us the headings of a very comprehensive essay on everything connected with fires and fire departments and water supply, without actually threshing out any of the points to which he has referred. In this, perhaps, he has acted wisely, because very often the reading of a paper is not itself the point of interest. It is more the discussion which takes place after the reading of the paper, and on the points indicated in the paper.

I have been struck in hearing this read, at some of the points which have been raised. The very first one in the early sentences of the address is one of peculiar importance, which, it appears to me, has not received any attention at all, if I may venture to say so, in this country. It mentions that the old hand-worked engines have been dispensed with altogether in the United States. Now, I think that is correct, that the old hand engines have been dispensed with. But if you will allow me to say, sir—of course I say it without any offense to those skilled in the management of fires, and especially without any offense to your distinguished chief here, whose services I am the very first to acknowledge—I think that this country all over has made a very serious mistake in doing away with those useful little machines. I can only tell you that in a very much larger city than Chicago, with very much more property in it, and, as I need hardly say, with a much larger amount of responsibility than any other city in the world can possibly have, when you come to the magnitude of the property at stake, that I have got now no less than 115 engines worked by hand, and only thirty-six worked by steam.

Now, at all events, in connection with the excellent paper we have heard read, that one single point I would commend to the earnest attention of all those persons engaged in the practical work of extinguishing fires in this country. I do not think myself—and I speak only for myself in the matter—

(but, of course, if there were other fire engineers here they would join me), but personally now I speak only for myself in that I think the United States has made a mistake in not keeping a few of those useful little machines for immediate work at the commencement of large fires.

The next point entered into by the paper is one that I took a note of as it went on; but I do not know as I need trouble you saying much about it, because I think the subject has been dealt with. It is that of the combined responsibility of insurance companies and the communities to work together to the common end of saving property. Of course, all who are engaged in the practical work of extinguishing fires know perfectly well that in some way or other every town is paying for itself; that insurance companies would consist only of madmen, if they were to go and insure property and not get themselves repaid in that particular place in which they insure property. Of course, an insurance company may start in a town and commence business on a wrong basis. That may be an accidental thing, and has happened before and may happen again; but that town must not on any account suppose that it is to go on being provided for by strangers or by commercial companies—to be provided for, and be paid for its commercial losses which occur by fires. Of course, the only object of a commercial company acting in it at all, is to indemnify itself and give its shareholders a profit. But I see that subject has been amply dealt with in the summarized paper which has been read, and I therefore need not say any more about it. I presume that everybody here will agree that it is the common object of all persons, and it ought to be the common object of all persons engaged in the municipal work of a city, to take such precautions for themselves, for the insurance companies that come in must get their profit, and they cannot be expected to leave their money with the town for the good of the town.

Then another suggestion that was made, and that is the local inquiry after a fire has occurred. Now, in small communities that, no doubt, would be quite possible. In some of the towns in France and Germany it is not only possible, but it is carried out; but even there it amounts to a very great trouble to the inhabitants. I myself am aware of certain towns on the European continent where a fire causing not fifty dollars' worth of loss has been a serious annoyance to all the inhabitants of a whole street for many, many days. Now, in that view of the matter, I presume in such a country as this it would be exceedingly difficult to get up an inquiry into the cause of every fire. In London it has been thought of over and over again; but as our fires in London, our real fires, not including chimneys and other things, amount to nearly 2,000 in a year, you can readily see that, if each inquiry were to cost, say the very small sum of five and twenty pounds sterling, there would be a loss of fifty thousand pounds a year on inquiries as to the cause of those fires. And they have come to the conclusion that except when there is a loss of life there shall be no inquiry, except such official inquiries as I may go into. In point of fact, it has been found that the expense is so great

that the money might be better put out in other ways. In fact, for fifty thousand a year we could supplement our establishment very considerably, and it is supposed that it would be better to do that than to spend this large sum on inquiries which really, after all, would not result in very much good. That is a very important point raised here, and I have no doubt that it will receive further discussion in this Association, but that is the view that has been taken of it in London.

That paper next went into the qualifications of the chief. I have been here now only a day or two, but I have had opportunity of seeing a great deal of what is going on in your town, and I should suppose, as far as my observations go, that this town has every reason to be satisfied with the activity and intelligence of the chief, and certainly with his local knowledge, and especially with his knowledge of the trades and of the commerce generally which is carried on here, including the large deposits of merchandise.

With regard to those matters of courage and endurance, and all those other points mentioned in the report as qualifications of the chief and of the firemen, of course we all know pretty well that those qualities are not wanting in any large community. I observed there that it did not finish up, as I expected, with the one only quality which can make all these others of any use, and that is the power of leading and disciplining men. Now, I am quite aware that the further you get away from the great centres of civilization in the old country, however advanced communities may be, that this difficulty arises more and more; and very frequently, notwithstanding the wealth of the places and the increasing wealth, it is more and more difficult in these outlying places to get up a discipline among men hitherto not accustomed to discipline. Now, that is really the point which brings into use these other qualities of courage and endurance. They are common to all countries; you find no lack of them in any country that I know of, and it has been my fate to travel in a great many countries. Even among men commonly called cowardly, you do not find it in dealing with emergencies—you do not find cowardice. On the contrary, you find a certain amount of pluck and endurance.

But what is wanted is the organization of that pluck and endurance. And as far as I can see in this town of Chicago, you have succeeded in getting a chief and a certain number of men who work together with as much discipline as I imagine could be found in any of these energetic, outlying places. I presume I am causing no offense to any one here by calling this an outlying place, for, of course, I must take my views as I hold them personally, that it is a long way from the ancient centres, and even a long way from such places as New York and your own seaboard.

The qualifications necessary for those in charge of a fire department are certainly all that were stated in that paper; and also the power of organizing and disciplining men; and then, above all, the complete and entire knowledge of every branch of the business.

Now, without reference to any particular fire department, I will tell you here that the great difference between some of the departments in the old country and the corresponding departments in this country, is that no man in the old country is set apart for any one work, except during a certain time; that is to say, that every man begins at the beginning of the work; learns the whole of it; never sees a fire at all until he has mastered every detail of the whole of the work. He then is taken out to fires with his seniors until by degrees he acquires the practice of fires. Then as he wants his advancement he has got to go back again to the headquarters and work up again to another point, such as the knowledge of steam; then get charge of a steam fire engine and go out. And even after that, in order to become an officer, he has got to go back again to headquarters, and go through another course, until he has learned the work of an officer, and so on. Well, this you will see, gentlemen, brings us to the point of continuance of employment.

Now, I am quite aware that in many parts of this country it frequently happens that they discharge the chief annually—at all events, there is no doubt it is in the power of many communities to do so, and up to a certain period it was moreover the custom to do so. Now, such a custom, I need hardly tell you, is against that particular kind of organization and discipline and arrangement that I have spoken of as prevailing in the old countries. Continuance in office is the most important thing of all to those who have responsible charges. And if they have the knowledge and the power of organization, and continuance in their offices, then there is no excuse whatever left for the brigade not being perfect, so far as that individual has the power of making it perfect.

Now, I myself have held the appointment which I have now for not less than twenty-one years, in the City of London, and the wording of my appointment is that I am appointed during the pleasure of the Board. Therefore, it may be supposed that my Board at any moment may walk into their place, and one gentleman rise up and make a resolution that I be discharged from my office; this is seconded and carried, and I am thereby discharged. Now, that is the actual state of things with us. But then, on the other hand, I know perfectly well that as long as I conduct myself to the general satisfaction of those gentlemen, my position is an absolute certainty, and I hold it as a perfect freehold of my own, and that if I am ever discharged it is absolutely my own fault and not that of anybody else. Well, you will see, gentlemen, that in connection with such a subject as this, that is a most important point. I believe that there are towns, and a very large number of towns in America, in which the chief has been constantly changed during my recollection of it, which is not much more than twenty years; whereas, we in the old country, although we hold our offices only during the pleasure of the Board under which we serve, are actually so certain of it that I tell you that I consider that I hold my office now as a perfect freehold—as I hold my own private property.

Then something was said about the volunteer firemen. I quite agree with what has been said in the paper with regard to them. If volunteer firemen can be got together, of a respectable class, eliminating altogether the rowdy element, which is a most difficult thing to do in any country, new or old, there is no doubt whatever that a volunteer system can work just as well as a paid system. I myself have never been connected with the volunteer system in any way, nor could I be with so very large a responsibility and charge as has been in my hands for many years. But, on the other hand, I have opportunities of seeing some of their work, and I know perfectly well that if a volunteer system can be got together on the lines that I have indicated, with the determination on the part of all those engaged to obey, and to establish for themselves a discipline, that then there is no more difficulty in working them than in working a paid brigade.

But then in practice we all know, we who are practical men, who have spent our lives in this business as a specialty, know how very difficult it is to get together men under those terms. The best men may come, but they will not stay. The worst men may only cause disturbances; they may have every quality except the one of discipline, and they may only cause disturbance. Very often a volunteer brigade may be better off, perhaps, without some of what might otherwise be called its best men, because, although they are very clever and active during the very moment while they are at work at the fire, they disturb the general arrangements of the force by not obeying discipline at other times. Now, that is the most difficult point in connection with volunteer fire brigades, and that is the result at which I have arrived by very long practice and observation of what has been done by them. I myself, as I tell you, have never been engaged in them, but I have had ample opportunities of seeing them work, and, indeed, I may go so far as to say that I have seen them work in this country, and not unsuccessfully. But yet I have been quite aware that, at the very moment when I saw them work at a moderate success, they might have worked very much better if only they had had the element of complete discipline among them.

Then with regard to the training. It is a most difficult thing to train a body of volunteer firemen. The gentlemen who would engage in such a business have not the command of their own time; one has it at one time and one has it at another, and you cannot teach men to work together unless you bring them together, and what is more than that, you cannot teach them out at fires. And that is the most important point which I would wish to impress upon every one connected with the organization of brigades in this country, that it is absolutely impossible to teach a man anything at all out at fires in connection with the manipulation of the gear that he has to deal with. I know that in saying this I am going against the opinions of many practical men in this country, but still, as I have had a charge for a number of years greater than many here, of course, my opinion can be taken for just what it is worth in that way.

I myself, for many years, although I employ only sailors, have never sent a man to a fire—notwithstanding his preliminary training—I have never sent a man to a fire until he has been a thorough master at home of the uses and application of every article which we use in our service.

The President has asked me to give you an account of the establishment over which I have had the honor of ruling for some years, and I will endeavor to do so in a very few words, because, with all respect to him, I think he has asked me to do this more in compliment, for which I am much obliged to him, than for any exact connection which it has with the paper. But still, so far as I can refer to points in the paper, I shall be very happy indeed to give a brief summary of the establishment over which I have charge.

The number of calls from fires, or supposed fires, which we received last year, has been 2,376. That is, for the year from the first of January to the 31st of December inclusive, 1881, we received 240 false alarms, 145 ordinary chimney alarms, and 1,991 calls for real fires. Of the heavy fires 167 resulted in serious damage, and 1,824 in moderate damage. Of course, the regular calls for chimneys on fire, which is quite another matter, amounted to some four or five thousand. Our percentage of serious and slight fires has varied considerably during many years past. As long ago as 1866 there used to be 25 per cent. of serious fires in our metropolis. For the last few years we have reduced them to eleven, ten, nine, and last year to eight per cent. Well, this we consider in London to be a satisfactory result. Perhaps we may reduce them still further.

But the metropolis covers a vast deal of ground; it is of enormous extent, and many of the warehouses have been built over a hundred years. Some of the construction is so bad that many of the gentlemen here who occasionally complain of the lightness of the buildings in this country, would throw up their hands in amazement if they were to see the very light structures which were built formerly in London, and which now contain most fabulous amounts of property.

There is one of our streets which may, perhaps, not be known to many of the gentlemen here, in the very heart of the city, with a roadway in which two carriages cannot pass abreast. There is very nearly a half a mile of that street which contains warehouses higher than anything else to be found, as far as I am aware, in any other country, with windows so close together that you can nearly shake hands across the street, and at certain times of the year those warehouses, each of them, contain upwards of a million sterling of property within its walls. Those are the silk warehouses of London.

There are many other places also of an enormous extent. For instance, there is a wool warehouse in one of our docks which is supposed to be the largest building in the world, and as far as I am aware, without being quite sure of my facts, I believe it to be twice the size of any other building in the world.

We have, then, to adapt ourselves to all these things, and also to the numerous shops (stores, as you call them here) which are scattered throughout the city, in exactly the same way as they are here in Chicagó. Therefore our range of work is, to a certain extent, greater than can be found in any other establishment.

I hear in many towns in America that the brigade of that town is "the finest of the kind to be found in the world." Now, I think it a very proper feeling for those gentlemen in charge to have of their brigade, but I also think it a little unwise for them to express it, unless they have very recently made the tour of the whole world and seen what exists elsewhere. I have been particularly struck in all the towns I have visited by hearing the same remark: "We believe we have the best brigade in the world." Well, of course, wherever a chief is left unrestricted in his work he must naturally, in his own mind, believe that; but whether it is a wise thing to say it, and try to make it be believed throughout the world, is quite another matter.

And that brings me to a point which, I think, has been omitted from that very comprehensive paper—as I might say, the headings of a paper which we have heard read. I think that all over this country the chiefs of departments for extinguishing fires, that is to say, the working, practical chief, has certain restrictions which appear to me to relieve him from a great deal of responsibility which should properly rest on him, and which may, possibly, in some way or other, account for the occasional spread of great conflagrations, notwithstanding the enormous sums of money that are expended on your organizations out here. Of course, it is a most difficult subject to discuss, how far a chief can be left free with what may be called the spending departments of his work; but unless the chief himself is the originator of all gear which is brought to him, unless he himself is the teacher of the working of that gear, unless he can show every man all the uses of all the parts of every article which he possesses—unless all that is provided for, I do not see how a chief can be made responsible whenever a great conflagration occurs in this country. I have been particularly struck with the great intelligence displayed by many of the gentlemen who are fire commissioners all over this country, on every visit I have made; and I presume that in all probability these gentlemen, and perhaps properly, whenever a great success occurs in their fire department, take the credit for it. But I do not see, myself, how they can take that credit at all, unless by doing so they acknowledge that they have relieved their chief from what is fairly and properly his special work in the department of business that I have specified.

I have been particularly struck with what I might call, judging from my English point of view and speaking without any offense, the interference between the chief and his own men who work under him. I say nothing of this town, because, as far as am aware, such a thing does not exist here. But, as I understand, there are gentlemen here from many parts of the country,

and with what does happen elsewhere, it does appear to me that it is very strange how a chief can be held responsible when these great conflagrations do occur, unless he has previously had placed on him the whole responsibility for every particle of each of these points on which I have spoken. Unless he is himself the provider of everything, the originator of all changes, the teacher of all concerned, I do not see how he can be made responsible for the great conflagrations.

I read carefully every account of the large fires which occur in America, as I do those which occur in every other part of the world. I provide myself on all occasions with maps. I have maps of every city worth speaking of throughout the world. I always have marked down on them the exact localities of the great conflagrations—such conflagrations as excite comment, we will say, in Europe. When I look at the excellent construction (excellent from my point of view) of the buildings over in this country, I am sometimes struck with amazement at the magnitude of the fires which do take place, and if I had not read these accounts on what may be considered the responsible authority of newspapers—the uncontradicted statements of newspapers—I should have been inclined to say that many of these great conflagrations were absolutely impossible. I only throw out these as hints. Of course, we do not profess to be perfect in the old world, but there may be imperfections in this country which may not have been considered by many of those who are practically interested in them.

Then, to proceed with the enumeration of our work: I work in London with a very much smaller number of men than you do in any part of this country, in proportion, and I have, in addition to what you have here, watches kept at stations. I always have a large number of fire escapes out every night of the year; that is to say, ladders on wheels posted throughout the town, which run immediately to any distance to which they are called, sometimes very nearly a mile, and often at the end of a mile they will succeed in taking people out of a building safely. In the last year the number of persons that we had seriously endangered by fire was 154, of which 114 were saved. Now, that is a very large proportion, I venture to say, to be saved, and that is a point which, in many towns here, is not attended to at all. It may be that you have no necessity for it. Of that I say nothing. It is one of the additional works which we have cast on us in London, notwithstanding that we have such a very small number of men.

Then the number of journeys taken by our engines during the year in those large cities in the old country are and must necessarily be very much greater than they are here, except in perhaps one or two towns, such as New York, for instance, which is spread over a very large area. The number of journeys we took last year was altogether 28,441; that is to say, counting each turnout of each machine as one journey, and the number of miles that were run was no less than 62,904.

We next come to a point which I am not sure was sufficiently touched

upon also, in that very comprehensive paper—headings of a paper that we have heard read—and that is the quantity of water used at fires. Now, during the year last past the quantity of water which I used for nearly 2,000 fires in London was a very little more than seventeen millions of gallons, whereas, in the city of New York last year, according to their published report, there were thirty-three millions of gallons used, which is just double what I used!

Now, when you come to consider that there are four millions of inhabitants in London, with an area of 121 square miles, and a number of houses something like seven or eight hundred thousand, and that in New York there are but twelve hundred thousand inhabitants, with an area practically moderate, although theoretically it is large in consequence of some addition which has been made to the town, and that they have used in the past year twice the quantity of water that I have, I think there at least must be, without any reference to the skill and management on either side, some food for thought in that statement, especially for such gentlemen as those who are here present.

It is undoubted that not only are our houses larger and higher, but that our stocks are heavier over in the old country than can be found anywhere in this country, and that, I say, there is no exception to; that we have in the old cities, especially London, larger stocks and larger buildings than it is possible to find in any part of the United States; and that yet, during a single year, I used only half the quantity of water in London that was used in New York, which is less than one-third the size, I think is a point which may perhaps be of some interest in connection with this question.

Then, in order to explain that, it would perhaps be going a little too far, but I may give a general idea of it, which is, that I use very much smaller nozzles than they do, as a rule, over in this country. My largest working nozzle is only one inch, while the smallest working nozzle in New York is double that size. Therefore, putting those facts together, without going further into it, because it is a technical question, may, perhaps, lead us in some degree to a consideration of the question on something like a solid basis.

Then, with regard to the general arrangement in London: You are here organized into what are called companies. We have no such thing in London. There is a certain force which is placed under my control, and I distribute that force according to my judgment throughout certain parts of the metropolis. I have stations built for them, and every man lives in a station, every wife and every child, they all live in those stations. We have found many years ago (and I pointed this out to several of the chiefs of departments here in the States), that when we come to pay men permanently for their services, whatever the pay may be, if they are paid permanently, we are thereby providing accommodations for all their wives and children. It is a point that, perhaps, does not strike one at first; but there is the fact, that to pay men permanently you are providing

accommodations for their wives and children as much as for themselves. We then had the difficulty, which we thought was very much greater than it could possibly be in any city in a new country, of finding spaces in which to provide the necessary accommodations. But this difficulty was tackled many years ago. It took three or four years to carry it out, but finally we reached the most satisfactory results. Now, unless a man with us is on leave, it is a certainty that he must be in the house, and consequently is available. There is no running away in the way that is so common in this country. Therefore, you will see that, although we are working with a very much smaller number of men than you are, by certain methods of management we are getting advantages which we could not possibly have out of that small number of men if scattered in their homes.

Then in London we have floating stations, and I want to recommend to all such cities as Chicago, New York and other cities that are situated on the water's side, the adoption of these stations. There is very little difficulty in making them from vessels in common use, by simply mounting them with pumps, which can be actually carried on to the decks and fitted on with a few copper pipes, using the same boilers which they now carry, and that will fit them up at a very moderate expense for the protection of large water-side districts. I do not think that has been very much attended to on this side of the water, though I am aware that a few of what they call "water-boats" have been established.

Then I mentioned before the comparative numbers of hand and steam engines. That is a point which I would commend again to the intelligent consideration of such gentlemen as I see about me, who have the means, as I understand, for making recommendations in this matter, and that is, that no town should be left without a few small hand-engines to be worked by men.

With regard to telegraph lines and telegraph communication generally, we are in about the same position that you are here, with some differences, and slight differences. That is to say, our fire alarm signals are not exactly managed in the same way. My fifty-seven stations are scattered over the whole area. Around each of these stations we have a small line of call points, and I very rarely have more than eight call points on any one line, therefore, the breaking down of any line, or any set of lines, cannot interfere with any others. But our area is so very large that that, perhaps, is necessary with us, and may not be necessary with you. I merely mention it as one of the matters which do happen in towns of very large area, that you cannot concentrate all your intelligence at one point without very great expense, and in my opinion, great risks. Whenever it is done, I have nothing more to say. But we can all understand that an accident happening to a telegraph system which had but one central point would completely paralyze the whole of the working of the telegraph system throughout. Now we have so far provided against that that each station forms its own center, and each

superintending station and district forms a center for a group of stations which is under its command. I only mention that as one of the differences which exist, without wanting to attach any special importance to it, although I know it to be necessary in the town of which I have charge.

I do not think that I have anything more to say, except to offer you, Mr. President, and these gentlemen, my best thanks for your kindness and the manner in which you have received me here, and to say that I have been exceedingly pleased with my visit to the States, and very much interested in all I have seen. And I thank you, sir.

The President: The next thing on our programme is "Isometrical Drawing—Twenty Minutes with the Crayon," by an old and tried friend of our Association, Mr. C. C. Hine, editor of the *Insurance Monitor*.

Mr. C. C. Hine—

MR. PRESIDENT AND GENTLEMEN OF THE ASSOCIATION:

My object is to show, in so plain and simple a manner, the application of isometrical drawing to the art of diagraming, that any one who can accurately diagram a risk can also make an isometrical projection of it.

The difference between perspective drawing and isometrical drawing is this: Perspective drawing obeys that natural law which makes distant things appear smaller; and he who makes an accurate perspective picture must have a practiced hand, a trained eye and a knowledge of numerous rules of more or less complexity, and the skill to apply them to the particular view before him; whereas isometrical drawing is purely mechanical, as is indicated by its name, "Isometrical,"—equal measurement—every object being measured from the scale, as an architect lays out a front elevation; each end of a house is the same height, all the three seen sides of a cube are exactly alike as to shape and measurement, there is no foreshortening, no vanishing point; the windows of a building are of the same size and the same distance apart along its whole extent. The use of the compasses or scale determines the location and size of each part. No "knowledge of drawing"—as that term is generally understood—is requisite, and, after a few simple principles are mastered, the execution of isometric drawings is easy to any one who is willing to be painstaking.

Isometrical drawing may be said to be based upon the angles obtained from the lines which divide a circle into six equal parts. Strike a circle with your compasses, and then, without changing the gauge, put one foot at the bottom, (*a*, Fig. 1,) walk them around the circumference, and the sixth step will be exactly at the place of beginning; thus you have six points, each at exactly the same distance from the next and from the centre. Now cross your circle three times with lines that shall connect opposite points, and the

circle is divided into six equal parts, and the aforementioned angles are defined. (Fig. 1.)

Now if you draw straight lines from point to point about your measured circle, and strengthen the alternate ones of those leading to the centre, you have an isometric representation of a cube. (Fig. 2.) You have "squared

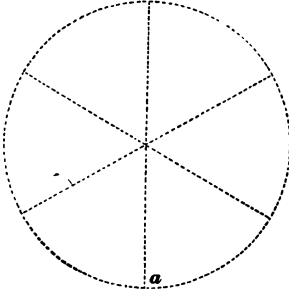


FIG. 1.

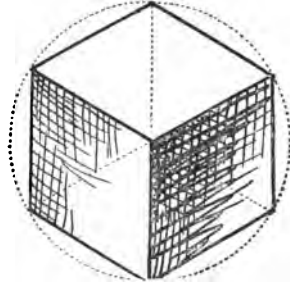


FIG. 2.

the circle," and captured the key to the whole secret of isometrical drawing.

The temptation to linger here is very great, for there is simply no end to the rectangular objects that can be made to appear in this charmed circle. You have just seen a cube (Fig. 2); do you want a corner stone, or a cap stone? The material is right here. (Fig. 3.)

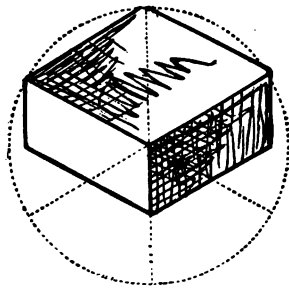


FIG. 3.

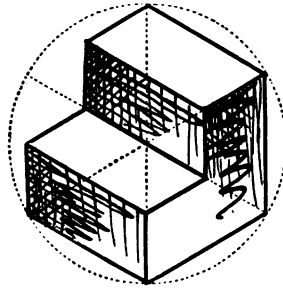


FIG. 4.

Shall we lower our corner stone, place a step on it, and make a horse-block out of it? Here it is. (Fig. 4.)

In all these illustrations please remember that only mechanical measurements are used, the rule or compasses; no practiced eye or skilled hand is needed.

Shall we have three steps instead of two, and shall they face the other way? Divide your lines into thirds instead of halves, and follow your isometric angles and the thing is perfectly easy. (Fig 5.)

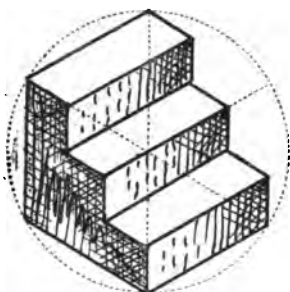


FIG. 5.

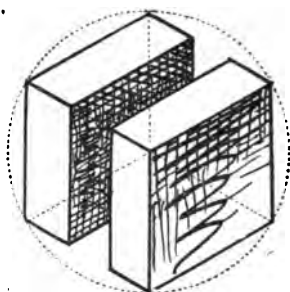


FIG. 6.

Do you require two coping stones standing on edge? The material for these and forty other things is right here; crosses, arches, inclined planes, what not, and all constructed by purely mechanical means and without the

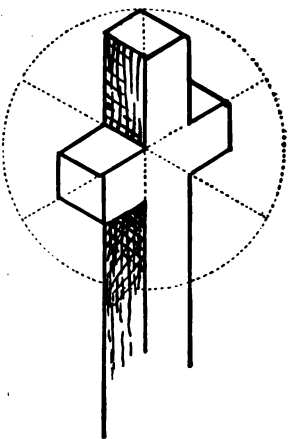


FIG. 7.

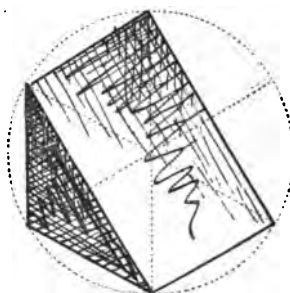


FIG. 8.

slightest admixture of artistic skill. If you know the size and shape of the object you wish to delineate, and can measure with a rule or compasses, you can make an isometrical representation of it.

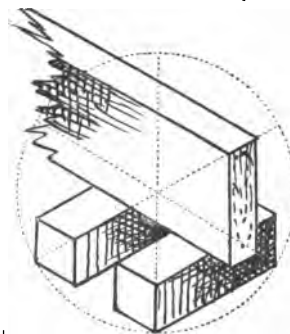


FIG. 9.

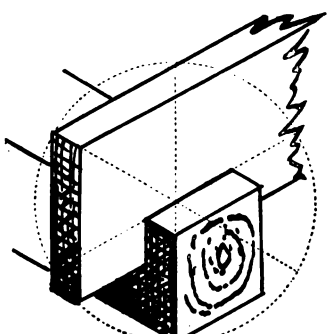


FIG. 10.

But all this is not diagraming, and yet it leads us up to diagraming, and gets us ready to build isometric houses on an ordinary ground plan; for an isometric plan is only an ordinary diagram stretched out a little at the corners, thus:

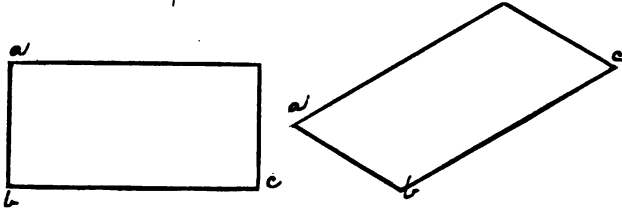


FIG. 11.

The distance from *a* to *b* and from *b* to *c* are the same in each.

Before proceeding further, let us consider what tools are necessary for the easy and successful performance of our work. They are few and simple: we need a drawing board, a T square, and an isometric angle. (Fig. 12.)

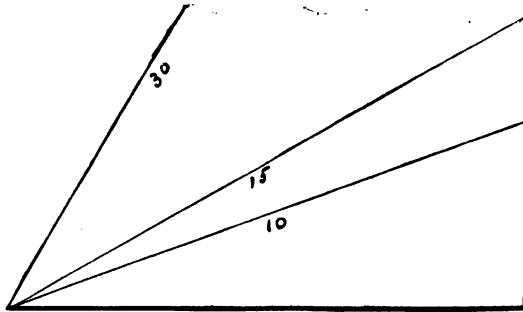


FIG. 12.

The former two, as well as compasses, scale, pens, etc., would be needed for drawing an ordinary diagram or anything else, so that the only addition to the draughtsman's kit is the little angle-board, which may be made of paste-board, or, better, of a bit of cigar-box or other thin wood, or of horn, eight or ten inches long, cut square at one end and at an angle of 30 degrees, that is, one-sixth of a circle, which is called by some the isometric angle.

Lower angles, however, make more pleasing effects, and the lower the angle the more nearly the drawing resembles perspective. After figure 10, the examples herein given are all drawn with an angle-board of 15 degrees, except figure 24, for which the angle of 10 degrees is used, and Mr. Barlow's drawing, figure 30, is drawn at the angle $7\frac{1}{2}$. Except where a decidedly bird's-eye effect is required, I would prefer 10 or 15 degrees to any higher angle. If no rear buildings are to be shown, Barlow uses $7\frac{1}{2}$, but where there

are buildings behind those nearest the observer, it will be necessary to use the higher angles. An experiment or two will make the reason for this very plain.

Now, let us go out, like systematic learners, and get the field notes of a simple risk, and after that we may proceed to more complicated and extended work. Our first attempt is with a two-story wagon shop with a one-story blacksmith shop adjacent, and our outside work is as follows: These are our

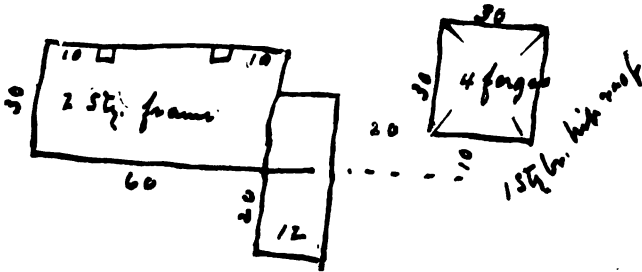


FIG. 13.

field notes for an ordinary diagram of this risk (Fig. 13), and immediately following it are field notes for an isometric drawing of the same. (Fig. 14.)

On both we write distances and descriptions freely, paying no attention to accuracy of drawing; we are after *material* now, not results; foot notes, side notes, descriptive memoranda, anything that will help us remember size, shape, color, construction, surroundings, etc., occupancy of each floor

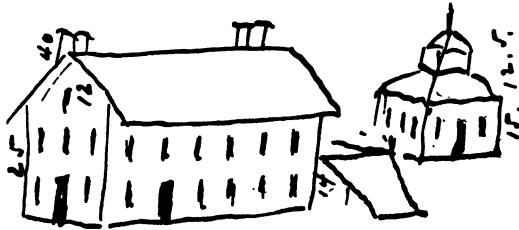


FIG. 14.

and each room, and all the detail of a full survey would be noted, of course, by the observant underwriter, and memoranda of the same would adorn his sketch.

Having completed our field notes in rough pencil mark, we shake the dust of the street from our feet, return to the office desk and proceed, with square and rule, and pen and ink, to draw to a scale the diagram first, and the result is as follows: (Fig. 15.)

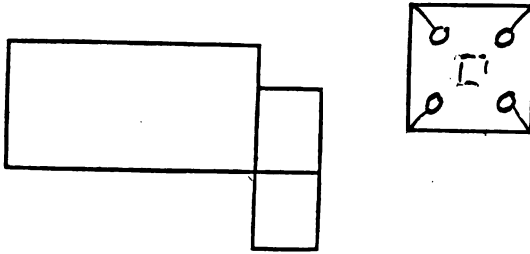


FIG. 15.

In this place we can use no colors, and can only show black outlines on a white ground. (See note 1, page 180, for information about coloring diagrams.)

Having finished the ordinary diagram, let us proceed to translate that and the other field notes into an isometric representation of the risk. Just here let us understand the full value of, and become quite familiar with the use of, the little angle-board (see Fig. 12, page 171), because on that depends every line of our work, except the perpendiculars and the gables.

Whether there be one building or many in an isometric plan, each, and each part of each, is drawn as if it were at precisely the same distance from the eye of the draughtsman. The view is as if you passed over the spot at an elevation and drew each part as you arrived at a given distance from it. There are no receding effects, there is no perspective. Remembering these things, you will bear in mind that the *near corner* (*b*, Fig. 17,) of each building is your first point of attack, and that the horizontal lines run from that corner, right and left, and always sloping upward at the angle of your little board.

NOTE.—I used the word “horizontal” to indicate those lines which would be horizontal in a plain front elevation; the ground lines, the eaves, the tops and bottoms of the doors and windows, and so on. In point of fact, there are no horizontal lines in this work, as all such are drawn at the isometric angle.

EVERY HORIZONTAL LINE DRAWN FROM THE RIGHT OF THE NEAR CORNER IS DRAWN WITH THE BUTT END OF THE ANGLE-BOARD TURNED TO THE RIGHT, AND EVERY SUCH LINE DRAWN FROM THE LEFT OF THAT CORNER, WITH THE BUTT END TURNED TO THE LEFT; AND SO FOR ALL LINES PARALLEL WITH THESE. THE POINT OF THE BOARD IS AT THE CORNER OF THE BUILDING, WHICHEVER WAY YOU ARE DRAWING YOUR HORIZONTALS. REMEMBER THESE SIMPLE BUT IMPORTANT RULES.

Now, let us proceed with the work. First fasten the paper on the drawing-board and then determine the point at which to start the bottom of the near corner. Place the T square with the long tongue across the drawing-board, and with the angle-board resting upon it, thus: (Fig. 16.)

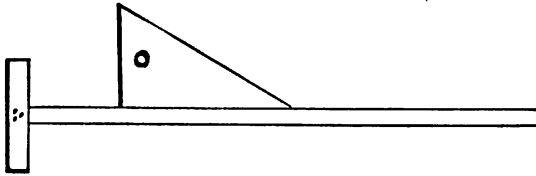


FIG. 16.

Fifty feet to an inch is a scale much used in fire maps, and is, perhaps, the best one to adopt for our present purpose*. Our wagon shop is 60 feet long, 30 feet wide and 25 feet high. Let us draw three lines—all starting from the near corner—to indicate those three measurements. (Fig. 17.)

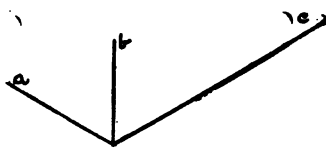


FIG. 17.

This gives us three more points to work from, *a*, *b* and *c*, and we put up our other corners 25 feet high (always using the square end of the angle-board for perpendiculars), join them with two more horizontals, and so define the boundary of the front and end of our shop (Fig. 18); the upper line across the gable being drawn lightly, so that it may be taken out with the rubber.

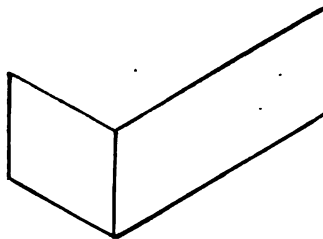


FIG. 18.

Now we need to find the point of the gable, which is 12 feet high. Measure along the left upper line 15 feet, or half-way across, and there draw a faint perpendicular. Measure up that perpendicular 12 feet, and you have

*Any scale may be used, larger or smaller, but whatever one is adopted must be adhered to for *all* the measurements of a particular drawing.

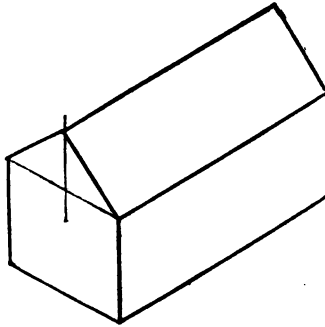


FIG. 19.

the point of the gable. Join that point to the two upper corners, and the slope of the roof is defined. Now measure from the peak so obtained exactly 60 feet to the right, and join that point to the right-hand, top corner of the building, and the slope of the further end of the roof is correctly outlined. We are making progress; our building is "enclosed." (Fig. 19, above.)

Now we need to locate the chimneys (see note 2, page 181, for details on this point), and put in the windows and doors. There are six windows on the side and three in the end of each story, of uniform size, and 10 feet from centre to centre. Starting five feet from the corner, we get the measurement with compasses or rule, and indicate the openings thus: (Fig. 20.) (See note 4 and Scale on page 182 for a better way of doing this.)

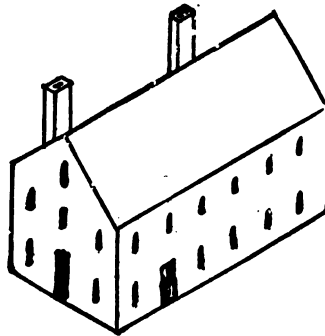


FIG. 20.

Now we want our platform and incline. The platform is level with the second floor, of course, and the foot of the incline is 20 feet out from the front line of the shop, as appears by the ground plan. Turn your angle-board with the butt to the left and slide it along the T square until it intersects the lower, right-hand corner of the building. Draw a light line and measure 20 feet; this gives the point of the lower, left-hand corner of the incline. Draw the sloping line from this point to the second story; measure 12 feet, the

width of the platform, from the point where it strikes; do the same at the bottom of the incline; unite these points with the other outlines and the incline is defined. Now turn your angle-board again with the butt to the left; let it intersect the further corner of the platform, and draw a line to the left until it strikes the building, and the platform is defined.

Let me say right here that you never need worry about the outcome of any of these lines; they are bound to be right if you follow the few simple rules required by this system, the whole process being mechanical.

You doubtless perceived the reason why I turned the butt of the angle-board to the left when I fixed the point for the lower, left-hand corner of the incline. It gave the ground line for the further end of the building (which does not show, but is parallel with the near end which does show): it was necessary to measure *on that line* in order to bring the incline out in front.

Now, in building up our blacksmith shop, we only repeat what has been already done. There are some details in regard to hip roofs (see note 3, page 181, for particulars), and the lower lines of buildings partly concealed by those in front (see note 5, page 182, for method and example), and some other matters, but so far as the essentials of the work are concerned, my talk is nearly ended. We finish up the wagon and blacksmith risk, and the result is about this: (Fig. 21.)

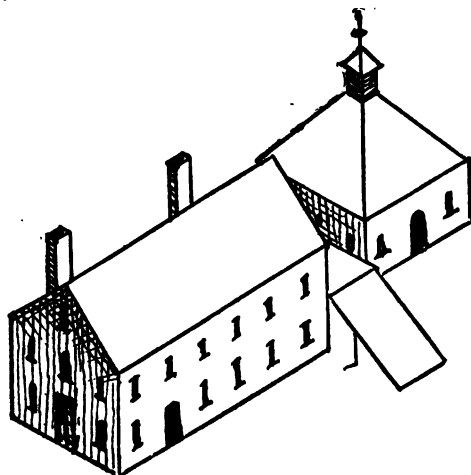


FIG. 21.

I could stop here, but perhaps another and larger illustration of the practical application of isometrical drawing to insurance diagraming would make a more fitting *finale* to this brief talk.

When I was looking, at my home one night, for some sheets on which to begin writing this paper, I pulled at random from a pile of old stuff a half-used blank-book, which, by an odd coincidence, proved to be an old field-book

which, more than twenty-two years ago, I carried in my hand through several Southern cities, gathering notes for diagrams. The sketches it contains are the merest skeletons, but, even after this lapse of time, they are ample for the elaboration of full diagrams and isometric projections, and I select an actual case, and will give you a part of the premises known in those days as the Milledgeville Manufacturing Company's Cotton Mill, from notes which I made on the spot, March 21, 1860.

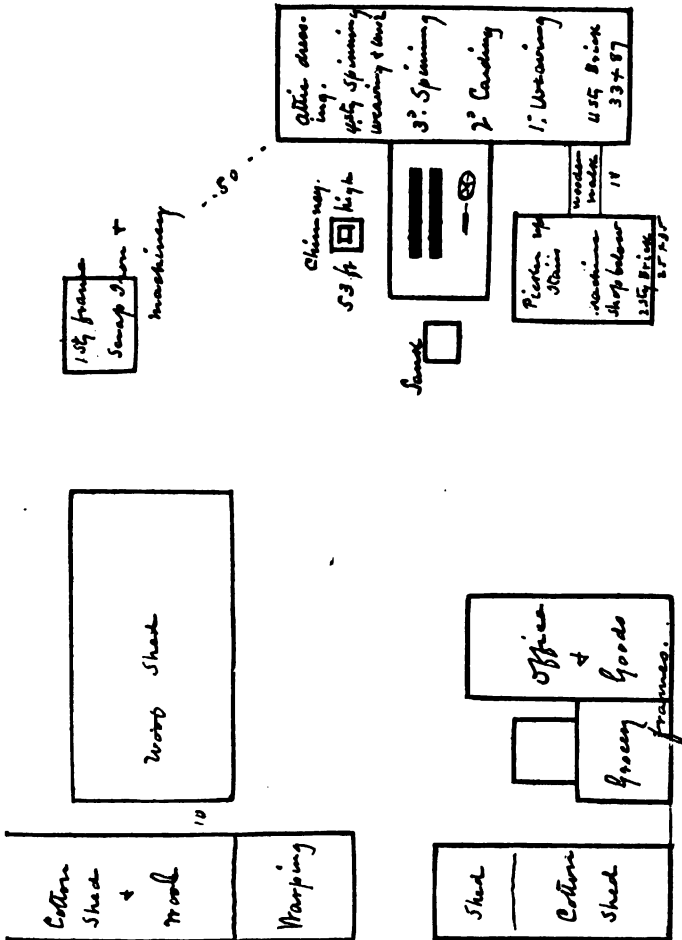


FIG. 22.

Fig. 22 is the ground plan, with some of the identical memoranda made in that old field-book more than a year before the first gun was fired on

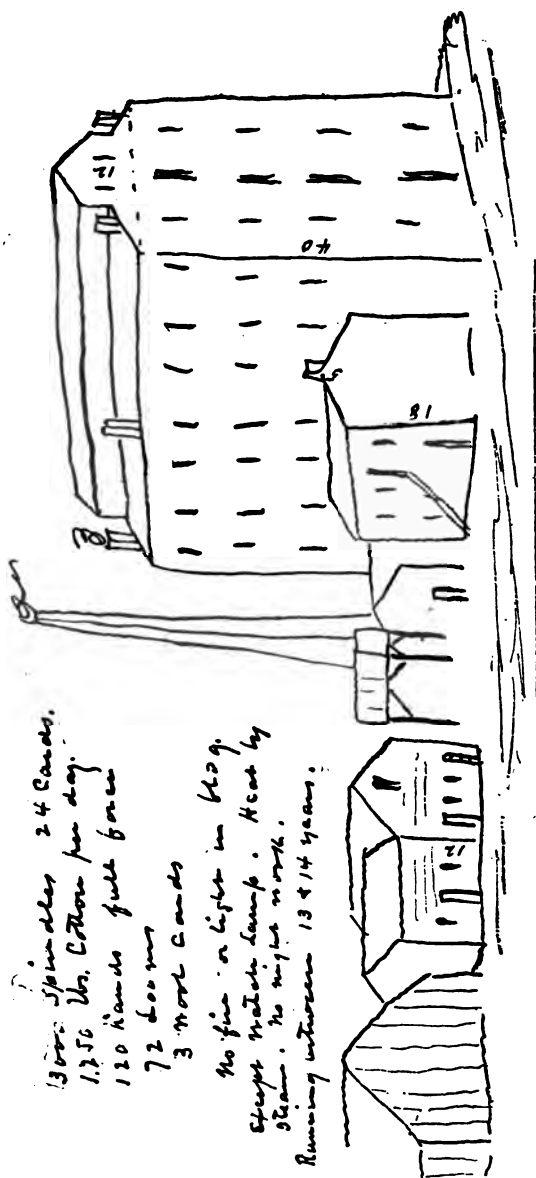


Fig. 23.—Fac-simile of sketch made March 21, 1860, of the Milledgeville Manufacturing Company's Cotton Mill, at Milledgeville, Georgia.

Fort Sumter; and, in passing, I again remark upon the vital importance of a perfect ground plan, with correct measurements and copious notes, as the necessary basis from which to produce an isometric drawing.

Fig. 23 is a *fac-simile* of the sketch then and there made, with heights marked upon it. I place these rough notes before you, made long ago, and for many years forgotten, that you may see just what material I have to work from, and realize how simple and easy the whole transaction may become after a little practice.

To translate these field-notes into an isometric drawing (Fig. 24), brought to the scale of fifty feet to an inch, by the methods already explained, is our next and final step.

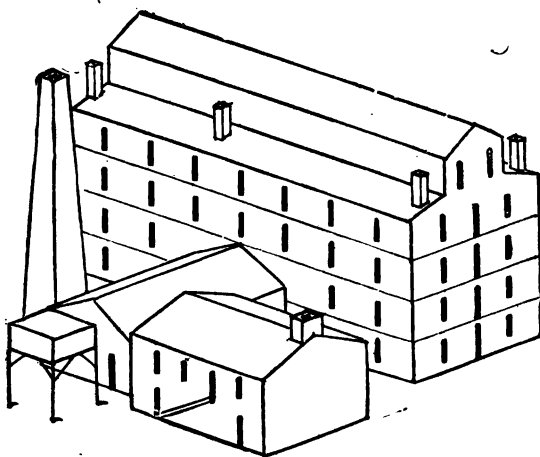


FIG. 24.

The result has rather a scaffoldy and incomplete appearance, which would be happily remedied by the coloring brush and a few shadings, easily thrown in, but the measurements are correct, and the proportions and the relations of the several buildings to one another, are accurately represented.

An isometric drawing shows a diagram of roofs. Vital exposures are usually up in the air, and do not appear on an ordinary ground plan. A five-story mill makes no more show on a diagram than a one-story shed, and frequently not as much, because it is not so large on the ground. Water-power mills which must hug the streams are often built on very irregular ground, and it is not an uncommon thing for a one-story outbuilding to expose the roof or upper portion of a tall mill, because it is built away up the side-hill, under which the higher building stands. Upper windows or other openings, if represented at all on a diagram, appear by some arbitrary mark and frequently fail to impress the examiner, whereas the isometric representation of them catches the eye at once and conveys the same idea of their danger as would come from a personal examination of the premises.

The more particularity insurers exhibit in the inspection and criticism of risks, the more certain are they to stimulate building reforms. I have no doubt that the benefits thus indirectly secured to insurers through the labors of Barlow, Rice and others engaged in the same line of work, have been a money value far exceeding the cost of their support, to say nothing of the service done the property-owners and the public. And yet some insurance men will wearily say they cannot endure so much pottering, and will not undertake such fanciful care and scrupulosity! Well, I would dislike to hear such objections urged by any field man of a company under my control; that gentleman would get his walking papers about as soon as I could make them out. There is nothing under the shining sun that *can* be done to describe and elucidate and illustrate a risk, that should be considered too much trouble. I am not sure but the day is fast approaching when a photographic apparatus will be included in every agency outfit, and the local agent be required to send at least two different views of every risk written; but meantime, and until the picture gallery of pocket-size is invented, let us be thankful for the portable nature of a scrap of paper and a pencil, and turn our more careful attention to the availability, for insurance purposes, of isometrical drawing.

NOTE 1.—The best time to color a diagram or an isometric drawing is while it is in pencil mark. When the work has been completely and accurately laid out, color it, let it dry, and then proceed to draw your black ink lines. This is merely a matter of mechanical convenience, and to avoid washing up the black ink and blurring the work. If a great number of duplicates are to be produced, carefully prepared stencils will save time and give uniformity, but in the finishing of a single drawing, ordinary water colors and a camel's hair brush must be used. Be particular to get your color *thin enough*; the tendency of the youthful artist is towards strength rather than delicacy of tint.

In tinting an isometric drawing, use two shades of each color for the right and left sides of the buildings, remembering to apply the darker of each to the right side of all if you apply it to the right side of one, or *vice versa*.

The colors generally adopted for fire maps, and those used by Barlow in his celebrated surveys are as follows: Frame, yellow; brick, red; stone and slate, blue; ironclad, lilac or neutral tint.

NOTE 2.—An important detail is placing the chimneys. Fig. 25 will illustrate this. Make a faint-line, isometric ground plan, measure the distance and locate the chimneys, as per dotted lines in Fig. 25; measure and define the height, then finish your building and rub out your working lines, and the result will be shown in Fig. 20, page 175.

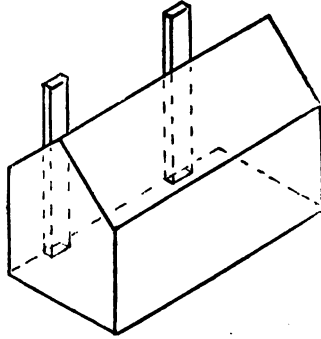
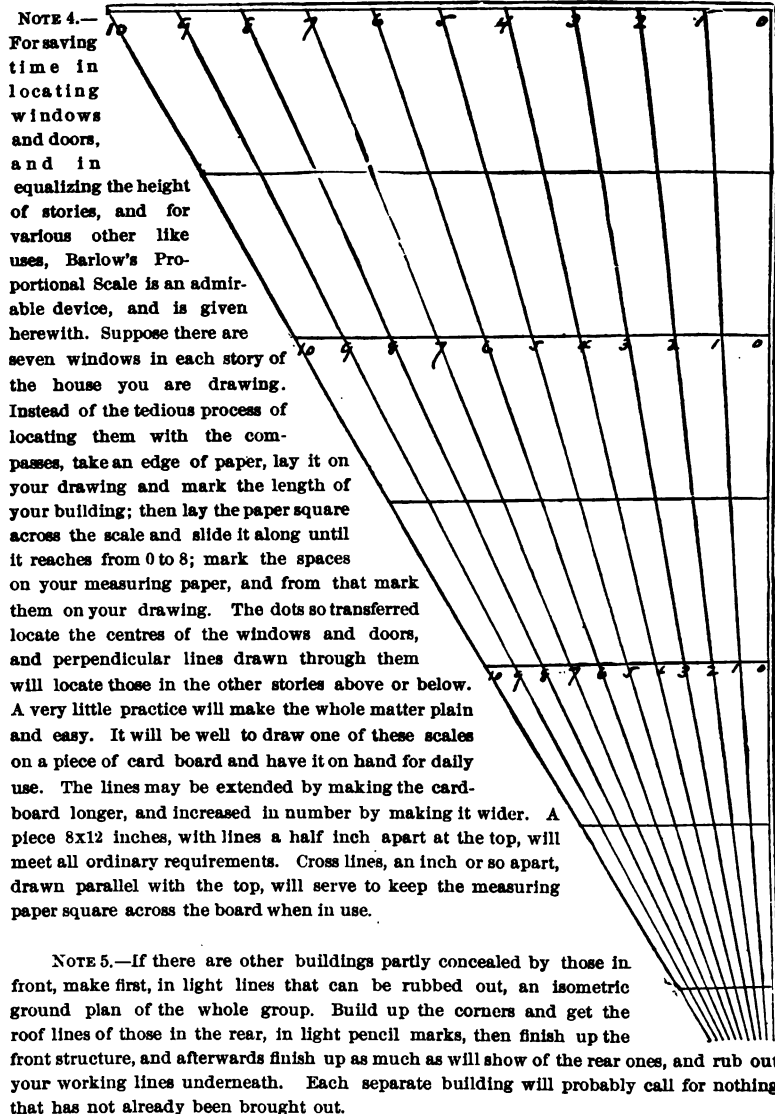


FIG. 25.

If a chimney is located in the centre of a building, or outside of it, make an isometric ground plan (see Fig. 27, page 183, for an example of isometric ground plan) of so much of the premises as may be necessary, measure the height and define the tops of the chimney and other things whose *bases* will not show when the drawing is finished, then proceed with your work as above, rubbing out your working lines when the drawing is complete.

NOTE 3.—A simple way to get the lines of a hip roof is this: When you have defined the front and end walls, make light marks for the other two top edges, and draw diagonal lines from corner to corner. Where these intersect is the centre. From that centre draw a perpendicular, and on that perpendicular measure the height of the peak above the walls. The point so obtained is the place where the rafters would meet. Draw your corner lines to that point, if the roof runs to a point; if not, draw them as far in that direction as the slope of the roof goes. Rub out the working lines, diagonals, etc., and finish the roof according to the facts of the case.

FIG. 26, BARLOW'S PROPORTIONAL SCALE.



As an example of *isometric ground plan*, take the principal group of the mill buildings diagramed on page 177 and drawn isometrically on page 179, and the result is expressed by Fig. 27, next page. The lines are all the same length as the corresponding ones in the diagram

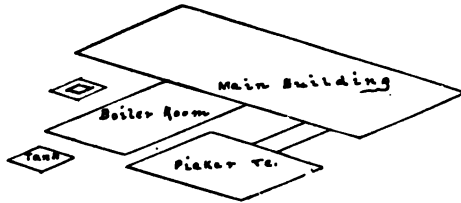


FIG. 27.

on page 177, and a very little study will show how easily the correct height and outline can thus be found of those portions of structures which will be partially concealed in the finished drawing.

NOTE 6.—If a roof projects at the gables and eaves, draw, in faint pencil mark, the naked outline below, and then add to either end, and the lower edge, the number of feet of the projections. Fig. 26 will illustrate the method so fully as to make extended explanation unnecessary. The fine lines define the roof *without* projections, and the heavy

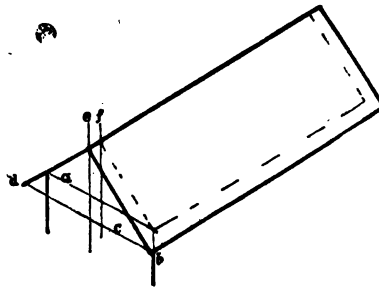


FIG. 28

ones show the work when finished. The lower edge of the further roof is the only obscure point to determine. To find this, lay your parallel ruler on the line *a* and bring it down until it shows the corner of the roof *b*; then draw the fine line *c*, and the further roof line must come down until it intersects *c* at *d*. The upright *e* is merely a repetition of *f*, made to fix the point of the gable.

NOTE 7.—If the buildings are irregular in shape, or stand at different angles, some patience will be required to overcome the difficulties thus presented. The system of "projecting" adopted by Barlow, while not free from complexity for a beginner, is perhaps the best and easiest in such cases. To view the following risk (Fig. 29) as you would see it from the street, turn the diagram with the lower, right-hand corner towards you, and you will immediately perceive that nothing but the end and one short angle of the mill, and only one end of the warehouse, is visible. It will therefore be necessary to select some other line of view, and the base line *a* will be the natural one, because the low shed presents but little obstruction to the view of the tall buildings beyond it. Having determined on your base line *a*, draw another (*b*) parallel with it (on the same paper or another, as may be convenient). Now, draw faint pencil lines from *a* through *b* (and at right angles with *a* and *b*) so as to touch every corner of every building on the diagram; then measure from *a* to

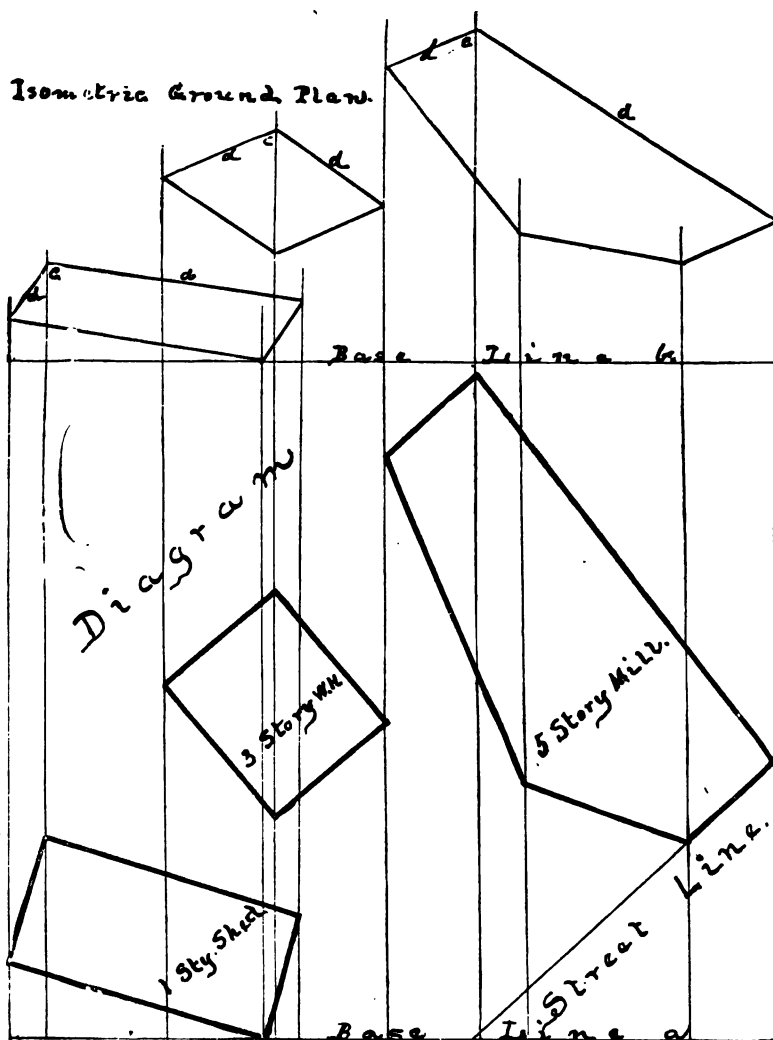


FIG. 29.

each corner in the diagram and transfer one-half* of each measurement to the same line above *b*. When your corners are dotted, it will be but the work of a few minutes to draw the outlines of your isometric ground plan, after which the faint lines may be rubbed out. As isometric ground plans are for elevations of buildings, however, the corners *c c c* and the lines *d d d* need not appear. They are introduced in Fig. 29 merely to complete the ground outline.

* If the buildings stand so as to obstruct the view of one another, measure one-half as stated. If they do not so stand, measure only one-third or one-quarter. The less the second measurement, the more natural the effect of the finished drawing will be. It will be at a "lower angle." (See Fig. 13, page 172).

In proceeding with the isometric drawing you will, in this case, lay aside the angle-board and draw all the roof and eave lines, and tops and bottoms of doors, windows, etc., parallel with the ground lines, using a parallel ruler. The perpendiculars will be measured in, and drawn as usual the regular heights, but the sides of the building are somewhat foreshortened; this latter is the result of "projecting" several discordant angles into one harmonious group—a sort of compromise, in which each loses something in apparent length.

I could have employed a draughtsman to execute these drawings, so as to secure artistic illustration for this paper, but I preferred to do them all with my own hand, because, rough as they are, they better illustrate what I have been saying about the ease and simplicity of producing them. Just for contrast, however, and to show what may be done by abundant practice, I have solicited Mr. Barlow to furnish one sketch, which is introduced as a more elaborate and finished specimen of isometrical drawing. (See next page, Fig. 30.)

Mr. Nelson Barlow, of 194 Broadway, whose name is several times mentioned herein, began in 1864 what has since grown into an important bureau of surveys of special hazards. Each mill or manufactory is examined and described in the most minute manner, and is then diagramed and drawn isometrically. The finished survey places the risk before the underwriters with a clearness and completeness that has never been approached by any other method. Between 8,000 and 9,000 mills have been thus surveyed.

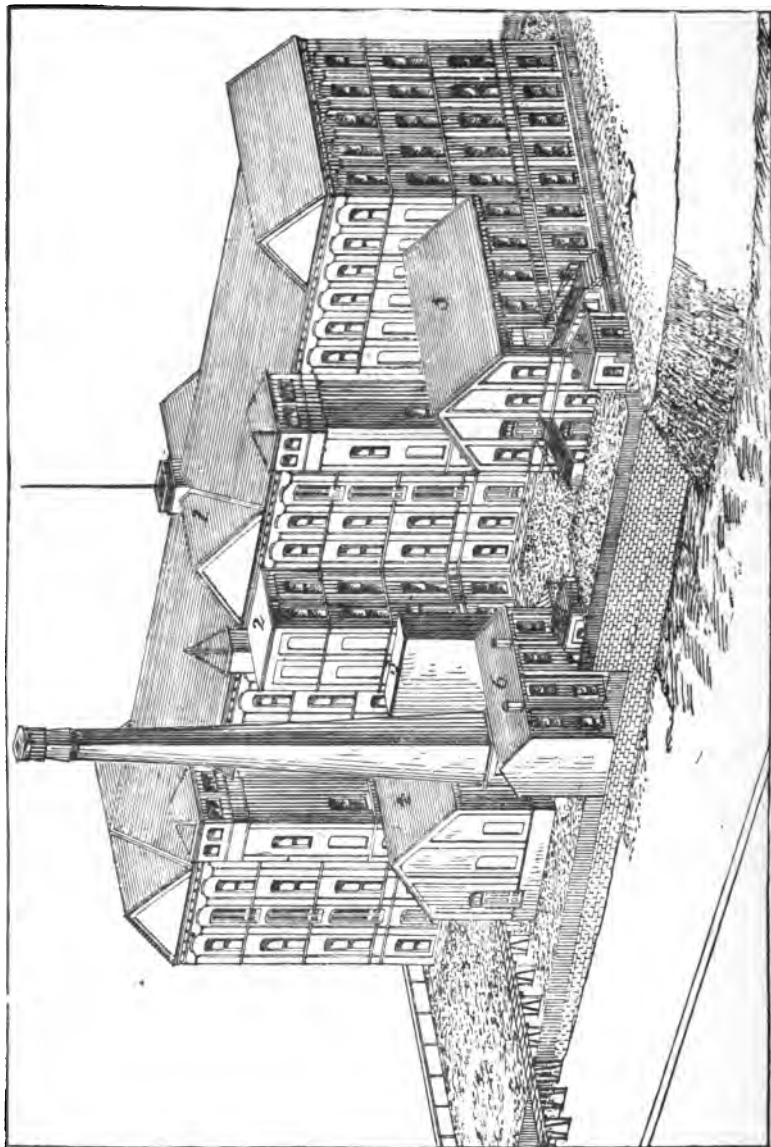


FIG. 30.

The President: The next thing in order is a paper by John I. Covington, of the Cincinnati Adjustment Company, entitled,

ADJUSTMENT OF FIRE LOSSES.

Mr. Covington—

MR. PRESIDENT AND GENTLEMEN OF THE ASSOCIATION :

The subject to the consideration of which I have been assigned by our President, that of the Adjustment of Fire Losses, is one that through every hour of every day is forcing itself, no matter how unwelcome it may be, upon the attention of insurance men by some fresh disaster. The stroke of the fire-bell knows no ceasing, and in its ominous clangings are tolled out the thousands of millions of dollars that the laborious and the prudent had accumulated for more permanent and useful purposes.

Each loss brings with it features peculiar to itself, and the multitude of these differences form, in the mind of the active insurance man, a gallery of strange experiences which awaken every range of emotion to which his mind is susceptible.

The vast number of losses throughout our land and in every section of it, appalling as they are in the magnitude of capital jeopardized and destroyed, have educated a large body of skilled adjusters, who possess all the high mental, moral and business requirements so necessary to success in the business of adjustment of fire losses. Many of these men have so impressed the uprightness of their character upon the adjustments of the day as to make it a fact that there is no class of contract under which such large sums of money are paid with so little trouble, litigation or delay as that of insurance.

It is the source of no small satisfaction to know that in the West several adjusters, who have been conspicuous for their ability and honor, have recently been called to positions of greater influence, where the force of their upright characters and honorable business practices will have even a more extensive field for exercise than in the adjustment of losses.

A thorough knowledge of the practical requirements of adjustments is possessed by so many active insurance men that a discussion of the subject from this standpoint would be unprofitable.

A more general consideration of the subject than that of its working details may be more restful to our minds, and enable us at one and the same time to both consider the subject as is our duty, and forget it as is our inclination.

The subject of insurance, strange as it may seem, has received but little attention from writers upon political economy, although it is noticeable that it is attracting the attention of a few of the more recent writers upon that subject, and will probably assume its proper place in the works of those

who are to carry on the discussion in the future. It would not seem improper in us, then, as being practically familiar with the details of the work, to provide such literature and give such expression to our views as will, at least, furnish data from which the economist can work out his more scientific, philosophical and logical conclusions.

The broadest and most comprehensive consideration of the subject of insurance that we can take is in the most complete sympathy with the fundamental principles of political economy.

Roscher, one of the latest and best writers, in his treatment of the subject of "Capital—how it originates," says: "Capital is mainly the result of *saving*, which withdraws new products from the immediate enjoyment—consumption—of their possessor, and preserves them, or at least their value, to serve as a basis of a lasting use."

Fire insurance is that system by which the savings of the prudent are accumulated from that which would otherwise naturally or indifferently be consumed, in order that they may preserve the wealth of the nation from the hazards of fire which invade it.

Insurance is, therefore, a conserver of capital.

We know that the duty of the insurance company not alone consists in the accumulation which it makes of the savings, but also in the use of the knowledge and practical experience gained, in advising the public against those articles and practices that are liable to occasion the destruction of capital.

Considering insurance companies as the conservers of capital, the moneys which they receive for premiums assume the character of trust funds, and are paid and received with many implied agreements upon the part of both the company and the insured, which it would be well for them to observe in the broadest spirit.

There is an implied understanding between the stockholders of a stock insurance company and the insuring public, that the stockholders will set aside from their private wealth and jeopardize a certain amount of money, for which venture they are to receive a reasonable consideration in the shape of prospective dividends, dependent upon their skill in conducting the business; that they will collect from the public an equitable sum of money, based upon the character of the risk assumed, which is to pay fully all losses, proper and moderate expenses of transacting the business, and the reasonable dividends upon the jeopardized capital stock.

The capital stock of the company is not put into the business as an ordinary loss-paying fund, but as a provision against extraordinary disasters, or the results of the company's own mismanagement. The premiums are for the payment of losses, and if the results show that the schedule of rates has been placed too low to meet the losses by fire, by reason of their frequency and destructiveness, the premium paying public as a body do not

hesitate to pay an increased rate sufficient to meet the liabilities and preserve the capital stock intact.

A just demand of this kind meets a response in the general sentiment of natural justice which, although it may be wanting in some citizens, can be relied upon as being present in the general public. If, however, a company, through mismanagement, profligate expenditure, exorbitant commissions, excessive dividends, has invaded its capital, it has no right to either the aid or sympathy of the insuring public, and it is its plain duty to either reform its bad practices or withdraw from the position of the public's fiduciary, for which it has proved itself so incompetent.

It is not difficult to see that the duty of the companies is to honestly hold and equitably disburse the funds entrusted to their keeping. The premium money never changes its ownership, any more than the money deposited in a savings bank changes its ownership. It belongs to the public, is deposited by the public, and should be paid, or accounted for, to the public.

It follows, then, that insurance companies should transact their business carefully, by which is meant that they are equally culpable when they charge too little for insurance, and thus impair their reliability and solvency, as when they charge too much and make unjust exactions from their patrons. They should conduct the business economically, not necessarily by reducing the force employed, but by making that force of the most value to the public at large in instructing them concerning the fire hazard, and warning them against the dangers that the skilled insurance man recognizes and the public does not.

They should set aside only a fair and just proportion of the premiums for dividends to which they are entitled by reason of the venture of the capital which they are making. There should also be set aside a surplus to provide for the probable extraordinary losses, that return with such regularity as to prove their position as an important factor in the aggregate of loss.

Assuming the correctness of this theory of the insurance business, it follows that the insuring public have an undoubted right to critically examine into the expenditures of an insurance company, as well as into the reliability and value of its loss-paying power. They have the right to expect that premiums will be equitably assessed upon all classes of business and hazard. Competition or ignorance in fixing a rate too low upon one hazard, the deficit to be made by an overcharge upon another, is a gross injustice. For this purpose all the care, labor and skill that the insurance mind can exert to ascertain the exact cost of insuring each of the multitude of classes of hazards should be cheerfully expended. All the experience gained as to the origin of fires, causes of spontaneous combustion, explosive character of materials in chemical combination, peculiarities of electricity as applied to common uses, dangers of illuminating fluids and gases, and the many other causes of fire now known and the new ones that science and the manufactures are

daily adding to the list of fire dangers, should be made known by insurance men to the insuring public.

On the other hand, of what do the public's duties to the company consist, aside from that of paying premiums? Noticeably in his endeavors to prevent, as far as possible, any loss in his own premises, and, in event of unavoidable loss, the use of his utmost efforts to make the loss as small as possible.

The destruction of property of value or utility by fire is a public calamity, as by it there is uselessly destroyed just so much of that public wealth which tends to increase the comfort and social enjoyment and advancement of the world at large. It is implied that he will exercise all his diligence, skill and attention in the prevention of fires and the suppressing the causes that are liable to occasion them, and that he will use his technical knowledge of the business in which he is engaged in recovering from the ruins and disposing of to the best advantage as much of value as is possible.

That this sentiment of protection and recovery of property is instinctive in the human mind, is proved by the promptness with which all men respond to the cry of fire, no matter whose property is at peril, and by the unselfish, brave and laborious efforts they will make for the saving of the property of even strangers from destruction. The incendiary, therefore, sins against one of the best sentiments of the public mind, and is not the foe of the insurance company, but that of the public. He is, from the standpoint of economics, a greater criminal than the thief; for while the thief fraudulently transfers the enjoyment of capital from its rightful owner to himself, leaving the community no poorer, the incendiary has stolen from the public the use and advantages of that labor which was bestowed upon the articles destroyed, and which the public has a right to enjoy. A loss by fire is, therefore, an injury to and a matter that belongs to the public. It is not only the public's abstract right, but its duty, to investigate all fires. If the loss is honest it should be investigated to see if similar accidents cannot be averted; if dishonest, to see that the criminal is rigorously punished.

Not only does the right of public investigation accrue to the public after a fire, but also before a fire. It may be said here, although foreign to the subject as now being considered, that every municipality should consider itself criminally guilty if any lives are lost by fire in the hotels, tenement houses or workshops over which it exercises a control. The public should see to it that the construction of buildings is in keeping with their uses, and with a due regard to avoidance of fire. It has the right to enter complaint against and punish any member of the community who unnecessarily jeopardizes his property, even though he exposes none but his own property to destruction.

The public should, therefore, protect the insurance company from the incendiary, whether he be criminally or carelessly guilty. The public's duty is to see that the insurance company is protected from hostile legislation, or

that which is subversive of those best methods of conducting the business with a view to the correct adjustment of losses and its most economic management. Under the first of these would come valued policy laws, which encourage and make easily possible crime against the companies and insuring public. Under the second would come improper taxation. A tax upon insurance companies, save for such expenses as are necessary to properly conduct a national insurance department, or as now conducted, State insurance departments (these being necessary means for informing the public as to the financial condition and methods of conducting business of the candidates for public confidence), is unjust, and in opposition to the fundamental principles of political economy on the subject of taxation. The last of the four celebrated and generally accepted maxims of Adam Smith upon the subject of taxation, in his "Wealth of Nations," says: "Every tax ought to be so contrived as both to take out and to keep out of the pockets of the people as little as possible over and above what it brings into the public treasury of the State." The fixing of taxes upon insurance companies simply converts them into tax gatherers; for they impose upon the public the amount imposed upon them with the addition of the cost of collecting, risks attendant thereon and wages for the labor performed. It is a species of farming out of taxes, where the companies are held for a certain definite sum, but they in turn are not held to any accountability for the sums that they exact in return from the public. An instance directly in point occurred recently in a Western State, when a municipal corporation imposed a tax upon all insurance companies doing business there of \$10 each. The insurance companies immediately ordered an advance of 10 per cent. on all risks in the city, and for every \$10 received by the corporation her citizens were mulcted from \$100 to \$1,000. While this was a strongly marked and individualized case, the same principle carries throughout in the assessment of taxes upon insurance companies. The great public evil, however, is not so much contained in what has been said as in the fact that it increases the cost of insurance and removes its benefits further from the abilities of the poor, to whose needs it is of so much value. If it be true that insurance companies are the conservers of public wealth by encouraging public saving, then the true principle of the State is to aid in extending its benefits as far as possible, and especially so among the poor, to whom the advantages of insurance are of fourfold worth.

The importance to the State in thus aiding the poor is to encourage in the class most needing it, principles of thrift and saving, that makes him both more valuable as a citizen and encourages his self-respect and devotion to his government.

It is also the duty of the public to see that the full and free benefits of the law are granted insurance companies equally with other citizens. Aside from that sentiment of natural justice which is commonly termed equity, it is a duty that the public owes itself to see that insurance companies are not

defrauded. A sentiment among the people that an insurance company cannot gain a case before a jury, no matter how just its cause, is one of the most pernicious ones that could obtain. It arouses the cupidity of the dishonest and avaricious; it encourages improper litigation, imposing the cost, delay and evils upon the public; it develops the incendiary.

Every base motive of the human mind that has its root in love of money is encouraged to take the chances of imposing upon the companies, in the confidence that either judge or jury, or both, will aid them in their rascalities. The incendiary stops not for fear that he may sacrifice the lives of others or their property. If his nefarious assaults upon the company can only be successfully accomplished by the aid of unfriendly courts, he unhesitatingly applies the fire-brand.

No favoritism should be shown by the courts either for or against the companies.

The relations, therefore, of the insurer and the insured being so identical, it is well to examine into the details of the business.

In the entrusting of the premiums to the insurance companies, there is a tacit understanding that in the payment of losses there will be a fairness and a just liberality. To accomplish this the contract of insurance should be an open, fair and easily understood instrument. It should contain in it no hidden meanings or subtle technicalities. With such an instrument, if the assured wilfully refuses to read the terms and conditions of his policy, as he often boastfully claims he has not done, he forfeits that consideration and sympathy to which he would otherwise fairly be entitled, in event of a misunderstanding under the terms of the policy.

It will naturally be asked, "Is the form of policy now most generally in use one that is worthy of the public confidence?" Every one that is familiar with its workings in the multitude of circumstances under which its provisions are called in question, will say that it is. It is the product of the best thought of numerous logical and honorable business minds. It is often objected that it is too long and that its provisions are too numerous. It were well if it could be shortened and yet retain its strength and clearness.

It has grown longer as business conditions have changed, as scientific and manufacturing discoveries have made more dangerous articles objects of commerce and trade. We can view these changes as the historical record of scientific advance and discovery of our century. It has grown longer because in the rapid increase of our country's population a different business element has entered in as an important business factor—less honorable, less honest and less reliable than that of earlier days. These ask for the protection of insurance, and the policy by its provision strives to guard the public against the wounds which some of those whom it freely protects would secretly give it. These changes note the growth of our country's citizenship.

The policy has grown longer—saddest record of all—to endeavor to com-

pel from prejudiced judges a modicum of that justice that should be granted it without the asking.

If the present form of policy were thoroughly understood by the agent taking the risk and the assured, and the assured knew positively what he wanted to insure and in what amounts, a controversy under the present form of policy would be impossible. Ignorance of how a correct form of policy should be written, upon the part of the insurance agent, and ignorance and indifference upon the part of the assured as to how his policy reads, are the almost sole causes of controversies under the policy.

Every policy should be written as though a loss were to be adjusted under its terms on the morrow. The insurance agent should be thoroughly advised in the writing of forms of policies, and familiar with all the exceptions, restrictions and conditions of the contract. He should inquire of the assured touching those points that would affect the final settlement, such as ownership, encumbrances, title, occupancy and other insurance, and warn him as to restricted articles for light or sale, increase of risk, and notify him as to the non-insurable character of certain articles and restrictions as to others, such as plate-glass and fresco-work, or such of them as applied to the subject matter of the insurance under consideration.

It should be the ambition of the agent to provide for his patron the full indemnity for which he was willing to pay. A policy of insurance that pretends to protect a man from disaster, and when the evil is upon him proves to be, by reason of its having been improperly written, of little or no value, is the meanest kind of a fraud that it is possible to impose upon the business community. An insurance agent guilty of writing such a policy, if it were possible for him to have guarded against it, should feel that he is guilty not only of defrauding the insured of the money which he failed to receive, but that he has also betrayed a confidence that was reposed by his patron in his honor and intelligence.

The contract, having been agreed to by the agent and assured, is forwarded to the general agent or company for final approval or rejection. Here it is critically examined for what it says, and is accepted or rejected for what it says. It is then laid away, to be called for in event of a fire. A loss occurs, the adjuster is given the form of policy and he is ordered to adjust the loss.

Now, what are his duties?

The first duty of the company is, of course, to provide a capable and honest man for the position. The adjuster's duties are, so far as the contract is concerned, simply judicial. He is neither to alter nor modify the contract. If the terms of the policy are more inclusive and sweeping than prudent underwriting would approve, it is not in his province to withhold from the assured anything that the terms of the policy allow him. If the assured thinks that its terms are too restricted, it is not in the line of his duty to enlarge them. He should be just, and with a justice that bespeaks an

honorable liberality that can wrong no one. The adjuster that esteems his position as that of an advocate for his company as against the assured, and for whom he must win the case whether it be just or not, has missed the higher plane of his business and duty. He should know naught and care for naught but right.

That the highway of life along which the adjuster walks is oftentimes any but a pleasant one is known to those who have trodden its rough paths and stumbled over the obstructions that lie in the way. Even in the adjustment of honest losses there are many obstacles. A sudden calamity has come upon the assured that has overthrown the labor of years and presents to him prospects of the loss of that trade that he has worked a lifetime to secure. The only thing that stands between him and financial ruin are the policies of insurance which he holds and which he has, until the present time, regarded either with a careless indifference or as an imposition upon his profits. It is not strange, then, that he should become excited, worried, suspicious. It is the duty of the adjuster to instill a confidence into his mind that he will be dealt with honorably and honestly. To do this oftentimes calls for an equanimity of spirit not often called for in other lines of business.

Intuitive perceptions of right, a cultivation of legal acumen, the power to elucidate that which may not be understood by the assured, a love for hard work, an equable temper, and, above all, that moral firmness which can only have its foundation in the conscious rectitude of his own intentions, are elements necessary to the adjuster that is to impress himself upon the assured as an honest, honorable man, and properly recommend the company he represents.

A "sharp" adjustment, as it is commonly called, by which is meant a dishonest one, is, aside from the moral turpitude involved in it, a serious injury to the public at large and to the business of insurance companies, and its pernicious effects extend just as far as a recital of the wrong done is carried. It is an outrage upon the public sense of natural justice, and begets fear, distrust and opposition, just as the unrighteous decision of a judge startles the public and makes them lose faith in the bulwark of the law, upon which they are relying for protection.

An honest loss adjusted should be paid without delay and without discount for pre-payment.

There is but one other element in the adjustment of losses to which we will refer, and that is that the assured should be a co-insurer with the company for the uninsured portion of the property at risk. Justice and practice urge that the assured should either pay for or bear the burden of this part which is in jeopardy. There is nothing that would so readily urge carefulness on the part of the assured, reduce exorbitant claims for value, inspire carefulness in preserving property after a fire, and in every way develop correct practices, as the adoption of a general rule of this kind.

Until this is done, no correct system of rating can ever be secured. In

the same class of hazard one man now insures 10 per cent. of the value and has a total loss under his policy, and another insures for 100 per cent. of the value and has 10 per cent. loss under his policy. The rate of the one should be ten times greater than that of the other, or he should obtain but one-tenth of his loss.

In conclusion, we will consider what the best system of making adjustments is. There are several different ways now in practice. First of all, that man is most valuable to the company and the public who knows how and does adjust the conditions of the risk so that there will be no fire. This lacking, however, that system that provides thoroughly competent adjusters, promptness in reaching and caring for damaged property, careful examination of the loss without undue haste, and all at minimum of expense, is the best. The solution, however, of which system fulfills most nearly these requirements will be the subject of much managerial thought for many years to come, and may, at some future time, engage the attention of the gentlemen of the Fire Underwriters' Association of the Northwest.

The President: We will now have a paper entitled, "Ye Special Agent," by Mr. T. H. Smith, Special Agent and Adjuster of the N. B. and M. Ins. Co.

Y° SPECIAL AGENT.

Mr. T. H. Smith—

MR. PRESIDENT AND GENTLEMEN OF THE ASSOCIATION:

The crop of fools is not harvested yet:
 The fool-killer has one more to get.
 I promised your President fair and square
 To drag the "Special Agent" from his lair;
 To show "the nature of the beast" in rhyme,
 (But wot not how poetic license needs must climb).
 His "salient points" from humdrum life to gather,
 And show just how he lives and what his *whence* and *whither*.

His *whence* is mainly from the local ranks;
 On hopes to be a "special" the "local" banks.
 To get into the field for years he toils,
 Thus oftentimes a first-class "local" spoils.

The goal obtained, forthwith he starts him out,
 And "bigger than old Grant" he struts about:
 Feels that this world has nothing more in view,
 And in the insurance world what can't he do?
 See with what pride he opens up expenses!
 Makes charges sure to shock his Manager's senses.

Entries of satchel, overcoat and so on
 Will make his Manager with rage to "go on,"
 But shows "Ye Special's" first and sure intent is
 To get in his account all his expenses.

At his first visit! Oh, how wondrous wise!
 He deems himself the cynosure of all the eyes
 He meets; calls on the agent and his card presents.
 The agent looks him o'er, and inwardly comments:
 "What — — — — fool has come here now?"
 But doffs his hat and makes his prettiest bow,
 And speaks: "My Lord, take all except my wife,
 My chair, my office, but *spare, spare my life!*"

The register examined, blanks checked off, risks listed,
 Of them a careful survey is insisted.
 "A very close inspection, sir, is my rule;"
 Thinks that he knows it all, has done with school.
 In underwriting he has naught to learn,
 And "*information*" gives at every turn,
 Until the owners of the risks oft say,
 "What fearful idiots can be made S. A."
 A planing mill, perhaps, comes in review—
 We'll say a *standard* one, as they're but few;
 Our new fledged friend, his wisdom to display,
 Talks learnedly of blowers on the way,
 And gazing at the furnace door you hear him say:
 "Dear sir, you must have '*patent blowers*' right away."
 He knows that *patent blowers* are very needful,
 But what they are he has not been so heedful;
 Result, that — — — comes into use again,
 And sometimes from some right good Christian men,
 Who, in their innocence, think an inspector
 Should know a shaving vault from an injector.

Perchance a glucose factory comes to hand—
 Right here our hero's sure to show his sand.
 On the "*Grape Sugar*" question *he* is posted
 (Some older men are not, though they've been roasted),
 And having tramped from first to seventh story,
 His keenness now comes crowning him with glory.
 The Superintendent says: "You've seen it all."
 In thunder-tones that must the knave appall,
 And look would make even a cynic weep—
 "Pray show me, sir, where you your grapes do keep."

Then his first loss, this he will long remember,
 Came on him in the Indian summer of December,
 When everything was sharp and crisp and bright.
 "Ye Special" came in all his power and might,
 A building loss demanding his attention ;
 One item only total beyond question,
 Some *eighteen hundred dollars* the bills show ;
 To cut them down is proper in his view.
 So for three days his labor he expends,
 And then, *Eureka*, he has reached his ends ;
Twelve hundred dollars say his proofs of loss—
 In cutting down he surely is "the boss" ;
 His labor's not been wasted, as you see,
 But mark,—ONE THOUSAND—is his policy.

Time fails me here to tell the steps in detail,
 And all the various experiences to retail
 "Ye Special" must go through ere he will make
 The "A 1" man who always "takes the cake :"
 All the hard knocks, the detriments to temper,
 The begging, bulldozing, the whine and whimper
 That agents use to get some pet risk through
 At half the rate at which it ought to go.
 Then comes a letter from his prudent Co.—
 "Please have that dropped. The rate is quite too low."
 While if he has "within his craw the sand"
 To say "no, sir," and take decided stand,
 Still from his company that awful letter,
 "This will not do; our business must be better."

Thus he's pushed round from pillar unto post,
 Until near ready "to give up the ghost."
 Long runs, night travel in the wet and rain,
 Sometimes in sickness, suffering and pain—
 Still pressed and kept always upon the go,
 In storm and sunshine, in the cold and snow ;
 Tough steaks, hard beds, hotels too bad to mention,
 At worst of which is often most detention,
 For there some fraud development will bubble,
 Or a defaulting agent cause him trouble.
 The extreme strife for business, competition wild,
Writing that would disgrace even a child ;
 Boards that won't meet, agents dissatisfied,
 Violations of rules and rates constantly cried ;

A set of "Union Rules" for him to quake on—
 "How not to" follow them, yet "save his bacon"
 From violations, is the task that meets him.
 If he can do it, sweet the smile that greets him
 From company and agent; both are glad,
 And say, "'Tis such a little one." It is not bad,
 While if he can't, his agent casts him out;
 For a new agent then he casts about,
 But finds too often nothing but denial,
 Until he feels some times that honesty's a trial.
 Yet, trials must be met and overthrown,
 Ere he unto a perfect man be grown.
 Long striving without flinching, strong and true,
 Through good report; sometimes through evil, too:
 At last he is the finished first-class man,
 "Who eats the cake and carries off the pan."

Not all, however, reach the longed-for state:
 Some "fly the track;" others begin too late.
 He who would gain that happy end in view,
 Must work and toil with purpose stern and true,
 Nor turn aside in letter or in spirit:
 "*Who overcometh shall all things inherit.*"

One more experience 'ere I pass to whither,
 The last important "salient point" I'll gather:
 The best of men are not included here,
 Hence the best men are hard to find, I fear.
 This class is large (I hate to make confession),
 Known as the "chronic applicant" to the profession.
 And here he comes, the "chronic applicant" see,
 With head erect. "Lo! this is *I. Great me.*"
 "Western Departments being all the go,
 I'll be a Manager, I'll have you know."
 So comes a Chief to visit in the West;
 The "chronic applicant" allows him neither peace nor rest,
 But late and early, in and out of season,
 Presents to him divers and sundry reasons
 Why, when at last the Manager's elected,
 This individual crank should be selected.
 Chiefly, however, runs all others down;
 Declares he is the best man in the town—
 Best fitted every way to fill the station,
 And something like this words his application:

Put on your specs, dear sir;
 Take a good look at me—
 A little Christian gentleman,
 You now before you see.
 I never cast my eye
 Upon a pretty lass;
 I repudiate the beer
 When it foameth in the glass.
 My piety's unquestioned,
 As you must surely see;
 For I never (hardly ever)
 Use the great big D.
 All other men are sinners;
 Of this earth they taste the joys,
 And, though I grieve to say it,
 They are numbered with "the boys."
 Sometimes they taste the foaming beer,
 And do not feel afraid
 To think a pretty girl the sweetest thing
 That God has ever made.
 Such awful, awful heresy,
 I blush to mention it.
 I never think of anything
 The "*Blue Laws*" don't admit.
 You see, dear Judge, I "*fill the bill*"
 As per your specification;
 I trust that you will kindly smile
 Upon my application;
 By speaking now the word
 I wait to hear you say,
 And your petitioner, in duty bound,
 Will ever humbly pray."

No mention here of underwriting skill—
 Perhaps it was not mentioned in "the bill ;"
 For, being quite subordinate, no doubt
 It simply was forgotten and left out.
 'Tis known full well that sublime cheek's assault
 Oft wins the day, when merit goes for naught.
 Is there a company so small and mean
 That some persistent "chronic" has not "*seen ?*"
 Most of their archives show a large array
 Of pressing applications filed away,
 "*Rejected addresses*" declined with thanks,
 From "chronic applicants" within the ranks.

Your first-class man will scorn all tricks to try,
 Hoping and trusting that the sweet bye-and-bye,
 Which seasons all things with the proper leaven,
 Will deal out justice to him this side of heaven;
 Full well he knows that months and years of toil,
 From break of day until the midnight oil,
 Oft fails to bring the deserved recognition,
 And lead the powers that be to better his condition.
 But, strong in faith and constant still to duty,
 Sooner or later may he see "the beauty
 With which God gilds dull labor," for he rises—
 By one of those mysterious strange surprises,
 Sudden attains unto the place he likes,
 And modestly he says, "surely the lightning strikes."

His whither. Possibly a "lightning stroke"
 Gives him position ere his heart be broke,
 Or "lightning," still, but this its designation,
The company accepts his resignation;
 Or he gets tired, some other business tries,
 And hides himself from underwriting eyes.
 Failing of either, weary, worn and gray,
 Mayhap he travels, till his life's long day
 Draws to its close, then, as a weary guest,
 Shuts up his case and lays him down to rest.
 To rest, to sleep: this whither, ah! who knows,
 What glories to the waking eyes disclose—
 What a charmed atmosphere the senses meet,
 What friends, long parted, hasten now to greet.
 Oh, loved ones gone before since last we met,
 For whose removal still our eyes are wet,
 If ye keep watch and ward and guard below,
 And of our trials and temptations know,
 Be thine the kindly task to intercede,
 When our feet falter and when great our need,
 And when *we* pass to *whither*, our earth ties riven,
 May we join thee and find our *whither* is heaven.

The President: We expected, up to the fourth day of this month, to have Prof. Dolbear with us. He telegraphed us that he could not come, but that he would write a letter, which the Secretary will now read:

COLLEGE HILL, MASS., August 31, 1882.

MR. W. B. CORNELL, PRESIDENT FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST.

Dear Sir: It will be quite impracticable for me to be at Chicago on September 6. A very much complicated series of hindrances prevent me from going, and I regret it much. I have missed but one appointment to lecture for eight years. However, as I cannot go, I must frankly say so. I have telegraphed so much, that if any provision needs to be made to fill my place, you will have a little time for it. I hope that my absence will not be missed, for you have otherwise such a list of questions to be discussed—all of them important—that your time will be well spent with those.

I beg you to think that nothing but most pressing circumstances would prevent me from being present as I promised.

Yours very truly,

A. E. DOLBEAR.

The President: I would say to the Association, that as soon as we received the telegram we tried to secure the services of Prof. Haskins, of Milwaukee, and he promised us at first that we might reasonably expect him; but to-day, at the last hour, we have received a message from him that it will be impossible for him to come.

The Secretary then read the following letter from Mr. William F. Ross:

DAVENPORT, IOWA, Sept. 6, 1882.

W. B. CORNELL, ESQ., PRESIDENT FIRE UNDERWRITERS' ASSOCIATION OF THE NORTHWEST.

Dear Sir: I find it impossible to attend this year's meeting of the Association, even for one day. I have not had time to finish essay on "Rates, Basis Rates and Exposures," as promised, my time having been so fully occupied since I undertook it.

I trust that you and the gentlemen of the Association will look charitably on my delinquency. *I assure you that I am studying the subject*, and ought to know more of it next year than I do now.

Sincerely yours,

WM. F. ROSS.

Mr. J. L. Cunningham, from the committee to whom was referred that portion of the President's address which relates to Blanket Policies, submitted the following report, which was adopted:

Your committee, to whom was referred that portion of the President's address referring to Blanket Policies, beg to submit the following, viz.:

Resolved, That this Association is opposed to Blanket-forms of Policies without the addition of the co-operative clause.

W. F. FOX,
J. L. CUNNINGHAM.

NOTE.—Mr. Beveridge, Chairman of the Committee, was not able to act with it.

Mr. Nicholas C. Miller also submitted the following report, which was adopted:

FORM OF POLICY.

Your committee, to whom was referred so much of the President's address as relates to a uniform policy, beg leave to report: That it is the opinion of this Association, composed of those who are daily called upon to interpret the different forms of policy in current use, that Managers of Companies should prepare and adopt a short, simple and concise form—one that would protect the interests of and be easily understood by both the assured and company, and which would commend itself not only to those immediately interested, but courts and legislators as well, thus rendering unnecessary any further attempt at legislation on this subject.

N. C. MILLER,
C. E. BLIVEN, } Committee.
W. B. CORNELL,

Mr. T. H. Smith also submitted the following report, which was adopted:

Your committee, to whom was referred so much of the President's address as relates to Schedule Rating, beg leave to report, and offer the following:

Resolved, That this Association heartily approves the schedule system of rating, because it is methodical, equitable and promotive of improvement in the physical hazard, and we express the opinion that the time has come for this Association to formulate a schedule or tariff to which we can give our sanction, to apply uniformly to the territory covered by this Association, due allowance being made in the basis rate for difference of location, water supply and fire department. And your committee would recommend the appointment of a committee whose business shall be to formulate such a tariff, and have the same printed and distributed among members at least two months prior to our next meeting, that they be prepared, at that time, to fully discuss this matter, and that the same be made a subject of discussion at that meeting.

J. O. WILSON,
T. H. SMITH.

The President appointed as the committee referred to in the resolution, Messrs. C. E. Bliven, George Crooke, J. O. Wilson, J. L. Whitlock and T. H. Smith.

Mr. Bliven—

I hope you will excuse me from serving on that committee. I have done about as much schedule work as ought to devolve upon any one member of the Association. I am prepared to discuss the matter with those who may be on the committee, but I trust you will let me off. I will furnish the committee, whoever it may be, with any data that may be in my possession.

The President—

I think it is due to the gentleman, in recognition of his eminent services in the matter of schedule rating, being really the father of the system in the West, that he holds the position. I hope he will consent to serve.

Mr. Bliven—

I wish you would let me off, because it would be simply a reiteration of what I have been doing for the last ten years, and my mind is particularly fixed on that subject. I will do any service I can for the committee, but I should only be able to do what I have already done, and what everybody knows. I think we ought to have new light, new arguments and new facts on this subject.

The President—

I, for one, hardly feel like excusing Mr. Bliven. If he will only serve and serve as chairman, he need not do any of the work but furnish counsel.

(Mr. Bliven sat down, as if assenting.)

The President: Much obliged.

Mr. Blackwelder: We have got the Major's consent by force.

Mr. Hobbs, from the committee on the death of Mr. Dolman, submitted the following report:

James Cyrus Dolman died suddenly, and after but a few hours' illness, on the 12th day of April, 1882, aged 34 years, in Chicago, Illinois, from an affection of the heart, and although *not* a member of this Association, he was well-known and esteemed by a great majority of our members, and held by us in high regard for his business and social qualities.

At the time of his decease he held and filled to the highest satisfaction of his employer, the position of General Adjuster in the Western Department of the Commercial Union Assurance Company, of London, and in the discharge of his duties was thorough, systematic, pleasant and affable.

Socially, he was all that man could be—a gentleman always, everywhere, kind in manner, unassuming and pleasing in address, far above mediocrity. He leaves many, many friends who sadly miss him, and who cherish in their memories the recollection of his many virtues.

Resolved, That this body take painful cognizance of the sad and sudden calling away of our friend and co-laborer, Mr. James C. Dolman, and do hereby, as a body, express our sympathy for those who are dear to him, whom he has left behind; and,

Resolved, That a copy of this resolution be spread upon our minutes; and, further, that a copy of the same be forwarded to the father and family of our deceased friend.

H. H. HOBBS,
GEO. A. S. WILSON, } *Committee.*
W. R. FREEMAN, }

CHICAGO, Sept. 7, 1882.

On motion of Mr. Bliven the resolutions accompanying the report were adopted.

The President: Is the committee on the death of Mr. A. C. Travis ready to report?

Mr. F. W. Little—

MR. PRESIDENT: Your committee, to whom were referred the resolutions on the death of A. C. Travis, late a member of this body, ask leave to submit the following:

Resolved, That by the death of our brother this Association loses a valued member, the profession one of its bright lights, and his friends and acquaintances one of their most genial companions.

That the members of this Association respectfully tender to his wife and children their earnest sympathy for them in this their sad bereavement.

That these resolutions be spread upon the minutes of this meeting and printed with the Proceedings, and a copy of the same be sent to the widow of our deceased brother.

W. G. BENTLEY, }
D. B. WARNER, } *Committee.*
F. W. LITTLE, }

Adopted.

Col. Bates, from the committee on the death of the daughter of Col. Dresser, submitted the following report:

Your committee, who were appointed to prepare an expression of sympathy on account of the death of the daughter of Col. J. M. Dresser, late President of our Association, beg leave to present the following:

This Association, of which for many years Col. J. M. Dresser has been a valuable and honored member, and was at one time its able and efficient

President, extends to him in this hour of his great and almost crushing affliction the true sympathy of each individual member.

We well know how little we can say or do to heal the wound made by the shaft of Death, or weld together the sundered ties of human associations, or dispel the shadow from a grief-stricken home, yet we feel that the heartfelt sympathy of a body of men, many of whom have suffered like unto our brave and esteemed comrade, may lift from him at least a small portion of the burden of his sorrow.

We know that no human agency can supply, through the blessings of worldly prosperity and honors, or in any other way known to the living, the loss of an amiable, beautiful and loving daughter who had grown to womanhood, and caused, like the perfume of flowers and a gleam of the sunlight, sweetness and gladness to cheer and illumine a sacred Christian home. She has gone to the land of mystery, and we hope and believe to a home of immortality and glory.

"The good die young; but they whose hearts
Are dry as summer dust, burn to the sockets."

J. F. BATES,	} Committee.
H. H. WALKER,	
W. H. SEIDERS,	

Mr. Thomas Underwood—

MR. PRESIDENT: In rising to move the adoption of the report and resolutions just read, I regret exceedingly that I have had not a moment for reflection, for I was not aware that a report of that nature was to have been submitted. But being the only representative, sir, here present from the City of Lafayette, the home of my valued friend, Colonel Dresser, our late President, I know I will be pardoned in taking a single moment of the time of this convention while I add my feeble tribute, not only to the worth of the deceased, but also to evidence my heartfelt sympathy to those around that fireside, made so desolate by death.

Colonel Dresser's affliction is one of great moment to him, for the idol of his heart, the jewel of his household, and the flower of the flock has been taken, and affliction's darkness now shadows his beautiful home. The daughter I have known from her cradle to her grave. She was fond, loving and affectionate, and by her affection had not only enshrined herself in the hearts of loving parents, but was beloved by all who knew her—by the aged as well as the young. Taken as she was from that household, just as she was budding into womanhood, and when fond parents were looking forward in bright anticipations of her future, is it at all, sir, surprising that her death has well nigh crushed the hearts of the father and the mother?

I am only too well gratified at the presentation of the resolutions and the warm sympathy expressed by all the associates here to-day, of our late President Dresser, and I have no doubt, sir, this action will tend to assure

him that in his sorrow you share a part. In his absence I tender for him his most profound acknowledgments for this kindly sympathy.

I now move, sir, the adoption of the report by a rising vote.

The report was adopted, all rising.

Mr. E. C. Johnson, from the committee on the sudden death of the son of L. D. Moody, submitted the following report:

CHICAGO, Sept. 7, 1882.

MR. PRESIDENT: Your committee offer the following, pursuant to appointment:

WHEREAS, Our esteemed friend and associate member of this body, L. D. Moody, of Indianapolis, while present with us yesterday, received the sad intelligence of the sudden death, by accident, of his youthful and beloved son; therefore,

Resolved, That we, the members of the Fire Underwriters' Association of the Northwest, do extend to Mr. Moody and his family the assurance of our deep appreciation of such an unexpected and overwhelming affliction, and of our fraternal sympathy with them in this their great sorrow.

Resolved, That a copy of this expression be forwarded by the Secretary to Mr. Moody, that the same be entered in the records of this meeting, and that this committee send a copy of the same to the Indianapolis *Daily Journal and Sentinel*.

E. C. JOHNSON,	} Committee.
W. H. SEIDERS,	
J. E. GRAHAM,	

The report was adopted.

Mr. R. J. Smith offered the following resolution:

Resolved, That the President of this Association is requested to notify all who may hereafter contribute papers at the annual meetings, to so limit them as to occupy not to exceed twenty minutes' time in reading; also, that it be a rule governing discussions, that no member shall speak more than five minutes at any one time on any one subject, nor more than twice without unanimous consent.

I offer that now at the close, or nearly the close of this session, so that it may be observed at the next session. Of course it does not apply to the present.

The resolution was adopted.

Mr. Blackwelder offered the following resolutions:

Resolved, That this Association tender to James M. DeCamp our very best thanks for his munificent donation to our library fund.

Resolved, further, That the Library Committee be and are hereby

requested, if possible, to expend this donation for such articles as can be easily marked and recognized as the DeCamp donation.

Also, that the thanks of the Association are due and hereby tendered to other donors of valuable articles for our library.

I move the adoption of these resolutions.

The motion prevailed.

The President: Nominations for officers are now in order. Nominations for President are first in order.

Mr. H. H. Walker—

I desire to place in nomination for the office of President of this Association Mr. James M. DeCamp, of Cincinnati, Ohio, and in doing so I gladly bear testimony to his eminent fitness and worth—a gentleman fully alive to and in full sympathy with the very best interests of underwriting, both in the office and the field; and I am sure we shall find in him all the essentials for a brilliant and successful administration of the affairs of this organization. I offer the nomination of the gentleman in the earnest hope that it will meet with his full approval.

Mr. C. E. Bliven—

I am very glad to have the pleasure of seconding the nomination of Mr. DeCamp. I am sure if this Association chooses to make him its executive officer for the ensuing year, that he will reflect credit upon the Association and be a worthy successor to those who have gone before him.

Mr. Holger de Roode—

I wish to endorse the nomination, as I had the pleasure of putting Mr. DeCamp in nomination a year ago, and he then declined. I hope he will now understand that no declination will be in order.

Col. Bates—

Until a few moments ago I had been requested by a few gentlemen to place in nomination the name of a man who has been a credit to the organization, and been with it since its earliest stages—a gentleman whose productions have reflected credit and honor upon this organization; but at the last moment, while sitting here, I have been requested to withdraw his name. That was William F. Fox, and as there is no other candidate now, I will move on the part of the friends of Mr. Fox, that the nomination of Mr. DeCamp be made by acclamation.

The President: I would say to Col. Bates that that cannot be done. Under our Constitution a ballot must be taken.

Mr. C. W. Potter—

I move that the Secretary be directed to cast the ballot of this Association for Mr. DeCamp. I understand that it is necessary that he should be elected by ballot.

The motion was carried.

The President: The next thing in order will be the nomination for Vice-President.

Mr. Griffiths—

I take the liberty to nominate as Vice-President of this Association a gentleman who has served a more than ordinary apprenticeship in our profession—a gentleman who has devoted somewhat of his services to this Association, and who reflects credit upon it; a gentleman who has done more in my circle of acquaintances to correct the evils of underwriting and bring honor upon the profession, than any man I have the pleasure of being acquainted with in the field. I refer to Mr. C. W. Potter, of Milwaukee. I nominate him for Vice-President.

Mr. Waggoner: I take great pleasure in seconding the nomination of Mr. Potter for Vice-President of this Association.

Mr. Moss: I move that the Secretary be authorized to cast the ballot of the Association for Mr. Potter.

The motion was carried unanimously.

The President: I have in my hands, gentlemen, the ballot of the Association for James M. DeCamp as President.

Mr. DeCamp—

MR. PRESIDENT AND GENTLEMEN OF THE ASSOCIATION OF THE NORTHWEST: I am deeply sensible of the high honor you have conferred upon me. I assure you I appreciate more than I can express, the very handsome and flattering manner in which you have conferred upon me this position. I accept the trust, well knowing that it means hard work and great responsibility. Whatever human energy, disposition and determination can accomplish in making the next meeting a great success, will not be lacking on my part. But, gentlemen, I need your individual, your earnest and cordial support and co-operation. Come out in large numbers to our next meeting, and let us make it a brilliant success. I thank you again, gentlemen, for your kindness.

The President: I hold in my hand the ballot for Mr. C. W. Potter as Vice-President of this Association. We shall be pleased to hear from him, an old veteran.

Mr. C. W. Potter—

GENTLEMEN: You are all aware that I am not much of a talking man. This matter has been entirely different from what I expected. I am simply much obliged to you, gentlemen, for the position in which you have placed me, and I sincerely thank you, and will try to fill the position (which is a good deal like a fifth wheel to a wagon, as I understand it), with all the credit possible.

The President: The next thing in order will be the nomination for Secretary and Treasurer.

Mr. Bliven: I move that the President of this Association cast the ballot of the Association for George W. Hayes for Secretary and Treasurer for the ensuing year.

The motion was carried unanimously.

The President—

The President will, with very great pleasure, cast the vote. And I want to say here, gentlemen, that any man that undertakes to run the office as President of this Association without the help of a man as familiar with the routine duties as Mr. Hayes, has taken a double job upon his hands. He has been of great assistance to me. I hold in my hand the ballot for George W. Hayes as Secretary and Treasurer of this Association for the seventh time.

Mr. Hayes—

GENTLEMEN: There is no one in this Association who appreciates the honor as well as the work of the Secretaryship more than I do. It is a work that I delight in. No one loves any art-work better than I do the class of work that is necessitated in the printing of your Proceedings. It is only because the demands of my office are so increased that I thought of declining a re-nomination. I thank you, gentlemen, one and all, for your very complimentary vote and kind words, and will accept this office and endeavor to transact the work to the best of my ability for the ensuing year.

Mr. Blackwelder, from the committee appointed to nominate an Executive Committee for the ensuing year, submitted the following report:

EXECUTIVE COMMITTEE:

Illinois, J. O. Wilson, Chicago; Missouri, W. J. Littlejohn, St. Joseph; Ohio, J. A. Weinland, Westerville; Minnesota, H. L. Moss, St. Paul; Wisconsin, E. G. Halle, Milwaukee; Michigan, J. J. Clarke, Detroit; Kentucky, J. G. Finnie, Louisville; Indiana, W. H. Seiders, Indianapolis; Kansas, W. A. Cormany, Fort Scott; Nebraska, H. E. Palmer, Plattsmouth; Iowa, T. J. Zollars, Ottumwa; Colorado, Anthony Sweeny, Denver.

AT LARGE :

W. B. Cornell, Chicago; I. S. Blackwelder, Chicago; J. M. Newberger, Laporte, Ind.; R. J. Smith, Chicago; David Beveridge, Chicago.

I would like to state that I did not make this nomination myself. Since the meeting of the committee it has been ascertained that the new Constitution authorizes a larger number than three for the members of the committee at large. On consulting with such members of the committee as I have been able to see, we have decided to recommend the names of R. J. Smith and David Beveridge to be added to the three members at large.

Mr. Underwood: I move the adoption of the report.

The motion was carried.

Mr. Hayes—

I would like to make a suggestion, that the ex-Presidents of this Association be *ex-officio* members of the Executive Committee. They know the demands and needs of the Association better than any one else, and if some one will make a motion to that effect, if it is deemed expedient, I think the Association will reap a large advantage from their service and experience.

Mr. T. H. Smith: I want to inquire if that is in order under our new Constitution and By-Laws?

Mr. R. J. Smith—

The Constitution that we have adopted says that the Executive Committee shall be composed of one member from each State within the jurisdiction of this Association, and at least three at large. It does not limit the number, except that it shall not be less than three at large, leaving it purposely open so that a larger number can be made if the Association increases in size. Under the old dispensation, when we had one member from each State, the Association was not then half so large as it is now and did not cover nearly so much territory, and the difficulty in getting meetings of the Executive Committee consists largely in their being so scattered. The idea, as I understand, in making this motion, is simply to add to that number those who have served as President, in order that a quorum can be had for the transaction of business.

Mr. Potter—

I move to amend that resolution by limiting it to the last retiring President. Otherwise, within a few years we will have an Executive Committee of fifteen to twenty members; and we all know that three or five is better than twenty, and will accomplish more and do it better.

The President: I think that under our new Constitution and By-Laws we have filled the bill, and no further remarks are necessary.

Mr. DeCamp—

I move that copies of the new Constitution and By-Laws be printed and circulated among the members at the earliest convenience of the Secretary, so as not to have the members wait until the Proceedings are printed.

Adopted.

[The following letter from. Hutson Lee, Esq., President of the Underwriters' Association of the South, did not reach the Secretary at the Grand Pacific Hotel, as was intended, during the Convention, and was returned uncalled for to the writer. The consequent delay before it reached our desk made it impossible to give it the proper place in the Proceedings.—SEC.]

CHARLESTON, S. C., Sept. 5, 1882.

GEO. W. HAYES, ESQ., SECRETARY, CHICAGO.

My Dear Sir: I have delayed a reply to your courteous communication of July 19 until the fact is forced upon me that the anticipated pleasure of attending your meeting in person is this day denied me.

I sincerely regret that I cannot enjoy the rare treat which awaits all those lucky enough to be in attendance upon your Thirteenth Annual Meeting.

I have appointed Vice-President A. M. Cunninghame, and Messrs. T. C. Timberlake, L. M. Tucker, Isaac S. Boyd and H. C. Stockdell as delegates to bear to you the fraternal greetings of the Association of the South. With best wishes, I am, sincerely yours,

HUTSON LEE, *President.*

The President: Mr. A. M. Cunninghame, the Vice President of the Underwriters' Association of the South, has an invitation to extend to this Association.

Mr. Cunninghame—

MR. PRESIDENT AND GENTLEMEN: The Southern Association has deputed me with other members, to appear before you, and my purpose in rising now is to extend to you a very cordial invitation, not merely to send such a deputation as you may elect to attend our next annual meeting, but as many of the members as can possibly attend, to be with us. We think you may perhaps derive some advantage; you will certainly derive some enjoyment, and we will all be exceedingly delighted if you will join us on that occasion. The next meeting will, in all probability, be held in the City of New Orleans in March next, which is, perhaps, a convenient time of the year for many of you to attend, and as one of the officers of the Association,

I extend that invitation to you and hope that a great many of you will accept it. I can assure you that you will receive a very hearty welcome, and I can do it with the better grace, in so far as I can speak of the hospitality of Southern men, not as being a Southern man myself, but as one who has come amongst them. Though I have lived there for eleven years, I do not belong to that section of country, nor to any section of this country.

Your President yesterday referred in a very particular manner to his experience with the gentlemen of the South; and when I first had the pleasure of knowing him he was then a resident in one of the Southern States, and I can fully endorse from my own experience all that he felt when there. I therefore can say without any degree of self-gratulation that you will experience from your brethren of the South a hearty welcome and the most kindly consideration on all hands, if you will come there. We hope the meeting will be made sufficiently interesting to warrant your presence; at all events, we think there will be some pleasure attached to the visit on your part, certainly there will be on ours. I therefore tender that invitation on behalf of the Underwriters' Association of the South.

Mr. Bliven—

I understand the Constitution provides for the election of honorary members. The New York Association has been very courteous to this Association, and I move that Charles R. Knowles, H. A. Glassford and D. J. DeCamp, of the New York Association, be elected honorary members of this Association.

The motion was unanimously adopted.

Mr. George S. Roper offered the following resolution:

Resolved, That the thanks of this Association are due and are heartily given to John B. Drake & Co. for the use of the rooms for this meeting.

The resolution was adopted.

Mr. Underwood offered the following resolution, which was unanimously adopted:

Resolved, That the thanks of this Association are hereby heartily tendered to President W. B. Cornell for the faithfulness with which his duties have been performed, and the courteous and impartial manner in which he has presided over the proceedings of this annual meeting.

Mr. Bliven—

Fully appreciating the resolution that I am going to offer, I will ask its consideration. This Association owes very much of its success in the past and its success in the future will be largely due to its executive officers. The duties of the Secretary of a body like this are always onerous, often unsatisfactory to the one who performs those duties, but it is through the unselfish

devotion of such an officer that progress is made. The record of this body during the last five years attests in the strongest manner what we owe to George W. Hayes for the systematic arrangement of our Proceedings, and his courteous bearing, amid many vexatious trials and multitude of demands upon his time and patience.

Our printed records are a monument to his labor, and show that he has been one of the most faithful officers this Association has ever had; therefore,

Resolved, That this Association recognizes and appreciates the services of Mr. Hayes, and we tender him our cordial, earnest and hearty thanks for the work he has done for this Association.

The resolution was unanimously adopted.

Mr. R. J. Smith—

I want to ask the unanimous election of the President and Secretary of the Southern Association as honorary members of this body. We have received many courtesies from their hands, and it strikes me that that is the least we can offer in return.

The motion was carried.

Mr. Zollars: If there is nothing further to do I move we adjourn *sine die*.

The motion was adopted, and the Convention was declared adjourned.

MEETING OF EXECUTIVE COMMITTEE ELECT.

CHICAGO, September 8, 1882.

The Executive Committee elect for 1883 met, pursuant to call of the Secretary, immediately after the adjournment of the Association. Present: Jas. M. DeCamp, chairman; C. W. Potter, J. O. Wilson, H. L. Moss, W. H. Seiders, T. J. Zollars, W. B. Cornell, I. S. Blackwelder, R. J. Smith and Geo. W. Hayes, Secretary.

By motion Secretary Hayes was authorized and requested to wait upon Prof. Tobin and Col. Thompson at once, and reimburse them from the funds of the Association for expenses incurred in their attendance upon this meeting.

It was moved and adopted that hereafter we do not invite delegations from State Boards, unless they are composed of members of our Association.

It was moved and adopted that a committee be appointed by the Chair, to take charge of Library and other property of the Association, and secure a suitable and convenient room for the permanent headquarters of the Association. Mr. W. B. Cornell, Mr. R. J. Smith and Mr. J. O. Wilson were appointed by the Chair as such committee.

The following resolution was then offered :

WHEREAS, Geo. W. Hayes, our able and efficient Secretary and Treasurer, is about entering upon the seventh year of service as such, at the urgent request of the Association, and much to the detriment and inconvenience of his private business ; and

WHEREAS, The compensation heretofore allowed him for his laborious services has been merely nominal, and only barely sufficient to reimburse him for his actual outlay ; therefore

Resolved, That it is the unanimous sense of the Executive Committee that a committee composed of three be selected by the Chair to purchase and present to Mr. Hayes a suitable testimonial from the Association, as a token of their appreciation of his work in their behalf, and to pay therefor from out the funds of the Association.

Unanimously adopted, and the Chairman appointed Mr. R. J. Smith, Mr. C. W. Potter, and Mr. W. B. Cornell as such committee.

It was moved and adopted that the next meeting of the Association be held in Chicago, on the last Wednesday of August, as provided for by the new Constitution, and that the place of holding the next meeting be left to the discretion of the President and Secretary.

GEO. W. HAYES, *Secretary*.

JAS. M. DECAMP, *President*.

HISTORICAL.

ANNUAL MEETINGS OF THE ASSOCIATION.

- 1871.—DAYTON, OHIO, Feb. 22:
C. E. BLIVEN, - - - *Chairman.*
*J. S. REED, - - - *President.*—R. L. DOUGLASS, - - - *Vice-President.*
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1871.—INDIANAPOLIS, IND., July 25 and 26:
J. S. REED, - - - *President.*—R. L. DOUGLASS, - - - *Vice-President.*
*A. C. BLODGET, - - - " —C. W. MARSHALL, - - - " "
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1872.—DETROIT, MICH., July 18, 19 and 20:
A. C. BLODGET, - - - *President.*—C. W. MARSHALL, - - - *Vice-President.*
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1872.—CHICAGO, ILL., Sept. 18 (Special):
A. C. BLODGET, - - - *President.*—C. W. MARSHALL, - - - *Vice-President.*
*R. J. SMITH, - - - " —S. LUMBARD, - - - " "
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1873.—MILWAUKEE, WIS., July 16 and 17:
R. J. SMITH, - - - *President.*—S. LUMBARD, - - - *Vice-President.*
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1874.—LOUISVILLE, KY., May 20 and 21:
R. J. SMITH, - - - *President.*—S. LUMBARD, - - - *Vice-President.*
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1875.—CHICAGO, ILL., Sept. 23, 24 and 25:
C. W. MARSHALL, - - - *President.*—J. O. WILSON, - - - *Vice-President.*
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1876.—CHICAGO, ILL., Sept. 27 and 28:
J. O. WILSON, - - - *President.*—B. VERNOR, - - - *Vice-President.*
C. E. BLIVEN, - - - *Sec. and Treas.*
- 1877.—CHICAGO, ILL., Sept. 19, 20 and 21:
C. E. BLIVEN, - - - *President.*—P. P. HEYWOOD, - - - *Vice-President.*
GEO. W. HAYES, - - - *Sec. and Treas.*
- 1878.—CHICAGO, ILL., Sept. 18 and 19:
I. S. BLACKWELDER, - - - *President.*—J. M. DRESSER, - - - *Vice-President.*
GEO. W. HAYES, - - - *Sec. and Treas.*
- 1879.—CHICAGO, ILL., Sept. 17 and 18:
GEO. W. ADAMS, - - - *President.*—W. B. CORNELL, - - - *Vice-President.*
GEO. W. HAYES, - - - *Sec. and Treas.*
- 1880.—CHICAGO, ILL., Sept. 8 and 9:
A. W. SPALDING, - - - *President.*—A. J. WATERS, - - - *Vice-President.*
GEO. W. HAYES, - - - *Sec. and Treas.*
- 1881.—CHICAGO, ILL., Sept. 14 and 15:
J. M. DRESSER, - - - *President.*—E. F. RICE, - - - *Vice-President.*
GEO. W. HAYES, - - - *Sec. and Treas.*
- 1882.—CHICAGO, ILL., Sept. 6 and 7:
W. B. CORNELL, - - - *President.*—J. M. NEWBERGER, - - - *Vice-President.*
GEO. W. HAYES, - - - *Sec. and Treas.*
- 1883.—CHICAGO, ILL., Aug. 29 and 30:
JAMES M. DECAMP, - - - *President.*—C. W. POTTER, - - - *Vice-President.*
GEO. W. HAYES, - - - *Sec. and Treas.*

* Elected and entered upon their duties at this session.

DIRECTORY OF MEMBERSHIP.

NAME.	ADDRESS.	TITLE.	COMPANY.
Abbey, A. J. B.,	Lakeside Building, Chicago,	State Agent,	Continental, N. Y.
Adams, Geo. W.,	Tiffin, O.,	Special Agent,	Northern Assurance Co., Lon.
Affeld, Chas. E.,	174 LaSalle, Chicago,	Manager,	Hamburg-Bremen Ins. Co.
Alverson, H. C.,	203 Fifth, Des Moines, Ia.,	State Agent,	Continental, N. Y.
Allen, E. L.,	120 LaSalle, Chicago,	Special Agent,	Royal, Liverpool.
Anderson, H. B.,	Toledo, Ohio,	Special Agent,	London and Lancashire.
Appel, D. F.,	210 LaSalle, Chicago,	Special Agent,	Star, N. Y., and Union, Phil.
Armstrong, Geo. A.,	Des Moines, Ia.,	Special Agent,	Underwriters' Agency of N.Y.
Arnold, Fred. W.,	1 Custom House, Providence,	President,	Equitable F. & M., R. I.
Atwood, John,	R. I.,	President,	Illinois Mutual, Ill.
Atwood, H. F.,	Alton, Ill.,	Asst. Secretary,	Rochester German Ins. Co.
Bacon, F. A.,	Rochester, N. Y.,	General Adjuster.	Millers' National, Ill.
Barnum, W. L.,	Chicago, Ill.,	Secretary,	Merchants, R. I.
Barton, W. F.,	143 LaSalle, Chicago,	General Agent,	Franklin Ins. Co.
Barrett, J. J.,	22 Market Square, Provi-	Secretary,	Newark Fire Ins. Co.
Barry, A. S.,	dence, R. I.,	General Adjuster.	Queen Ins. Co., Liverpool.
Barry, Chas. H.,	405 W. Main, Louisville, Ky.,	Special Agent,	Ætna, Hartford.
Bascome, Western,	210 LaSalle, Chicago,	District Agent,	Continental Ins. Co., N. Y.
Bassett, E. J.,	206 LaSalle, Chicago,	General Agent,	Fire Ass'n and American, Pa.
Bates, J. F.,	317 Chestnut, St. Louis,	Secretary,	Howard Ins. Co., N. Y.
Bayley, J. W.,	1 Charter Oak Place, Hart-	Special Agent,	Amazon Ins. Co.
Beach, Ed. P.,	ford,	General Agent,	Niagara Ins. Co.
Beattie, J. H.,	Dubuque, Ia.,	General Agent,	Home Ins. Co., O.
Benedict, F. M.,	Louisville, Ky.,	Supt. Agencies.	Continental, N. Y.
Bennett, J. B.,	Springfield, Ill.,	General Adjuster,	American Ins. Co., Newark.
Bentley, W. G.,	262 Vine, Cincinnati, O.,	General Agent,	Traders' Ins. Co., Chicago.
Berne, J. J.,	Lawrence, Kan.,	President,	St. Paul F. and M.
Beveridge, David,	11 cor. Locust & 6th, St. Louis,	Adjuster,	Fireman's Fund, Cal.
Bigelow, C. H.,	Fifth and Olive, St. Louis,	General Agent,	Niagara Ins. Co., N. Y.
Black, J. P.,	110 LaSalle, Chicago,	General Agent,	Howard, N. Y.
Blackwelder, I. S.,	Chicago, Ill.	Attorney-at-Law.	Shoe & Leather, Boston.
Bliven, Chas. E.,	Third and Jackson, St. Paul,	Special Agent,	Imperial Ins. Co., London.
Blodget, A. C.,	157 & 159 LaSalle, Chicago,	Manager,	Guardian, London.
Blossom, H. A.,	155 LaSalle, Chicago,	Special Agent,	Fire Ass'n and American, Pa.
Boucher, P. L.,	27 & 28 Hall B'k, Toledo,	General Agent,	London Assurance.
Bowers, H. E.,	9 Bank B'k, Detroit, Mich.,	Adjuster,	Imperial Ins. Co., London.
Briggs, Theo. W.,	312 Chestnut, St. Louis,	General Agent,	Westchester, N. Y.
Brooks, Henry M.,	33 Pine, New York,	General Agent,	Queen and British America.
Brown, J. Mabbett,	54 William, New York,	Superv. Agt. & Ad'r,	R. I. Underwriters' Ass'n.
Brown, M. O.,	Appleton, Wis.,	Special Agent,	Glens Falls Ins. Co.
Bryant, Leon,	12 Atwater Bldg, Cleveland,	Manager,	Niagara, N. Y.
Buckman, R. M.,	153 LaSalle, Chicago,	General Agent,	Fire Ass'n and American, Pa.
Burns, M. J.,	130 LaSalle, Chicago,	Special Agent,	People's, Newark, N. J.
Burt, Fred. E.,	51 West Third, Cincinnati,	General Agent,	New Hampshire, N. H.
Burtch, H. F.,	171 LaSalle, Chicago,	Superv. Agt. & Ad'r,	Lorillard, N. Y.
Caldwell, W. W.,	209 Main, Ottumwa, Ia.,	Special Agent,	German-American, N. Y.
Carson, R. B.,	34 West Congress, Detroit,	General Agent,	Royal, Liverpool.
Cary, Eugene,	Big Rapids, Mich.,	Special Agent,	London & Lancashire.
Case, Charles, H.,	206 LaSalle, Chicago,	Manager,	Orient Ins. Co.
Caswell, Jas. H.,	540 Vernon Ave., Chicago,	Special Agent,	Star Fire Ins. Co., N. Y.
Chaffee, S. A.,	157 LaSalle, Chicago,	Manager,	Queen Ins. Co.
Chapman, E. F.,	120 LaSalle, Chicago,	Special Agent,	Fireman's Fund, Cal., and
Chard, Thos. S.,	Minneapolis,	Special Agent,	Union Ins. Co., Cal.
Child, M., Jr.,	Mansfield, O.,	Special Agent,	Star Ins. Co.
	160 LaSalle, Chicago, Ill.,		
	157 & 159 LaSalle, Chicago,		
	Kokomo, Ind.,		

NAME.	ADDRESS.	TITLE.	COMPANY.
Clark, J. J.,	Detroit, Mich.,	Secretary,	Detroit F. and M. Ins. Co.
Clarke, Geo. C.,	161 LaSalle, Chicago,	General Agent,	London Assurance Cor.
Clarke, W. T.,	Des Moines, Iowa,	Special Agent,	Franklin, Phil.
Clarkson, H.,	Topeka, Kan.,	Special Agent,	London Assurance Cor.
Cleveland, H. C.,	Rock Island,	Special Agent,	Norwich Union, England.
Cooke, Geo. H.,	Indianapolis, Ind.,	Special Agent,	Fire Ass'n, London and Lan. and Royal, Eng.
Collins, Martin,	203 & 205 N. 3d, St. Louis,	General Agent,	Fire Association, Phil.
Comstock, Charles,	110 LaSalle, Chicago,	President,	People's, Trenton, N. J.
Coombe, C. F. C.,	317 Chestnut, St. Louis,	Special Agent,	Traders' Ins. Co., Chicago.
Coon, Levi,	Quincy, Ill.,	Special Agent,	British America, Toronto.
Cornell, W. B.,	20 Major Block, Chicago,	Sup't W. Dep't,	Clinton, N. Y.
Corman, W. A.,	Fort Scott, Kan.,	Special Agent,	Providence-Washington.
Covington, John I.,	5 West Third, Cincinnati,	Sup't and Secretary,	North British & Mercantile.
Crabbe, Ralph,	Evanston, Ill.,	Special Agent,	North British & Mercantile.
Cramer, A. J.,	Milwaukee, Wis.,	Secretary,	Ins. Adjustment Co.
Cratsenberg, A. A.,	Madison, Wis.,	Special Agent,	Metropole, Paris.
Critchell, R. S.,	141 & 143 LaSalle, Chicago,	General Agent,	Mil. Mechanics Mutual.
Crooke, George,	Milwaukee,	Special Agent,	Continental, N. Y.
Crooke, W. D.,	24 LaSalle, Chicago,	Manager,	Meriden Fire, Conn.
Cunningham, J. L.,	Glens Falls,	Secretary,	Liverpool & London & Globe.
Cunningham, W. H.,	Chicago, Ill.,	General Agent,	Northern Assurance Co., Lon.
Cunningham, A. M.,	Louisville, Ky.,	General Agent,	Glens Falls Ins. Co., N. Y.
Daggett, P. A.,	Muscoda, Wis.,	Special Agent,	Fire Ass'n and American, Pa.
Daniel, T. R.,	Oshkosh, Wis.,	Special Agent,	Scottish Union and National and Lion, England.
Dargan, J. T.,	Dallas, Texas,	General Agent,	Home Ins. Co., N. Y.
Dean, Thos. L.,	Indianapolis, Ind.,	Special Agent,	N. B. and M., England.
Dean, A. F.,	Chicago, Ill.,	Special Agent,	Fire Association of Phil.
De Camp, Jas. M.,	Cincinnati,	General Agent,	Springfield F. and M.
De Roode, Holger,	210 LaSalle, Chicago,	Manager,	Springfield F. and M.
Devlin, D. T.,	Chicago, Ill.,	Special Agent,	Liverpool & London & Globe.
De Wolf, J. H.,	Providence, R. I.,	President,	Clinton Fire Ins. Co., N. Y.
Dresser, Jasper M.,	69 Columbia, LaFayette, Ind.	General Agent,	Glens Falls Ins. Co.
Dulles, John Welsh,	110 So. Fourth, Philadelphia,	Secretary,	Providence-Washington.
Eaton, S. S.,	62 East Third, St. Paul,	Gen. Agt. N. W. Dep't,	National Fire, Hartford.
Ferguson, W. G.,	161 & 163 LaSalle, Chicago,	General Agent,	Fire Ins. Co. of the County of Philadelphia.
Finnie, J. G.,	Louisville, Ky.,	State Agent,	Manhattan, N. Y.
Flack, A. L.,	Wash'n & Mark't, Tiffin, O.,	General Adjuster,	Lancashire, Eng.
Foljambe, Theo,	154 LaSalle, Chicago,	Special Agent,	Home Ins. Co., N. Y.
Ford, Chas. H.,	202 Broadway, New York,	General Agent,	Kenton Ins. Co., N. Y.
Fox, L. H.,	Detroit, Mich.,	State Agt & Adj'r,	Guardian, London.
Fox, W. F.,	160 LaSalle, Chicago,	Special Agt & Adj'r,	North-German, Hamburg.
Fracker, C. W.,	Marshalltown, Ia.,	Special Agt & Adj'r,	Ins. Co. N. America.
Franklin, Morris,	155 LaSalle, Chicago,	Sup't Agencies,	Pennsylvania Fire, Phila.
Freeman, W. R.,	154 LaSalle, Chicago,	General Agent,	Queen Ins. Co.
French, B. W.,	108 Fifth Ave., Chicago,	General Agent,	Springfield F. & M. Ins. Co.
Gano, Gazzam,	260 & 262 Vine, Cincinnati,	President,	Niagara Ins. Co., N. Y.
Glassford, H. A.,	38 & 40 State, Albany, N. Y.,	General Agent,	Norwich Union, England.
Glidden, H. H.,	Detroit, Mich.,	Special Agent,	Orient, Hartford.
Gould Geo. D.,	Moline, Ill.,	State Agent,	Amazon, O.
Garnsey, D. G.,	Grand Rapids, Mich.,	General Adjuster,	Ins. Co. N. A., Pennsylvania,
Graham, Jas. E.,	Fort Wayne, Ind.,	Special Agent,	Fire, Royal, Liverpool.
Gray, D. P.,	Rockford, Ill.,	Manager,	N. B. and M., England.
Gray, H. W.,	500 West Main, Louisville,	Man'gr South. Dept,	Underwriters' Agency, N. Y.
Griffiths, J. C.,	Madison, Wis.,	State Agent,	Howard, N. Y.
Griffith, John H.,	Minneapolis,	Special Agent,	Rockford Local Board.
Griffith, G. D.,	Lawrence, Kansas,	Special Agent,	Commonwealth Ins. Co.
Hall, Henry H.,	153 Broadway, New York,	Manager,	Home Ins. Co., N. Y.
Hall, J. B.,	147 LaSalle, Chicago,	Special Agt & Adj'r,	Home Ins. Co., N. Y.
Hall, George W.,	St. Paul,	Manager,	Commercial Union Ins. Co.
Hall, John C.,	217 Olive, St. Louis, Mo.,	General Agent,	Northern, Eng.
Halle, E. G.,	82 Michigan, Milwaukee,	State Agt & Adj'r,	Girard Ins. Co., Phila.
Harding, A. J.,	118 LaSalle, Chicago,	General Agent,	Local Board.
Hayes, George W.,	452 E. Water, Milwaukee,	General Agent,	Western Assurance, Toronto.
Heywood, P. P.,	115 Monroe, Chicago,	Ass't Gen. Agt.,	Underwriters', N. Y.
Heaford, H. H.,	36 Third, Jackson, Mich.,	Special Agt & Adj'r,	Springfield F. & M., Mass.
			Western Assurance, Toronto.
			Hartford Fire Ins. Co.
			Phoenix, Hartford.

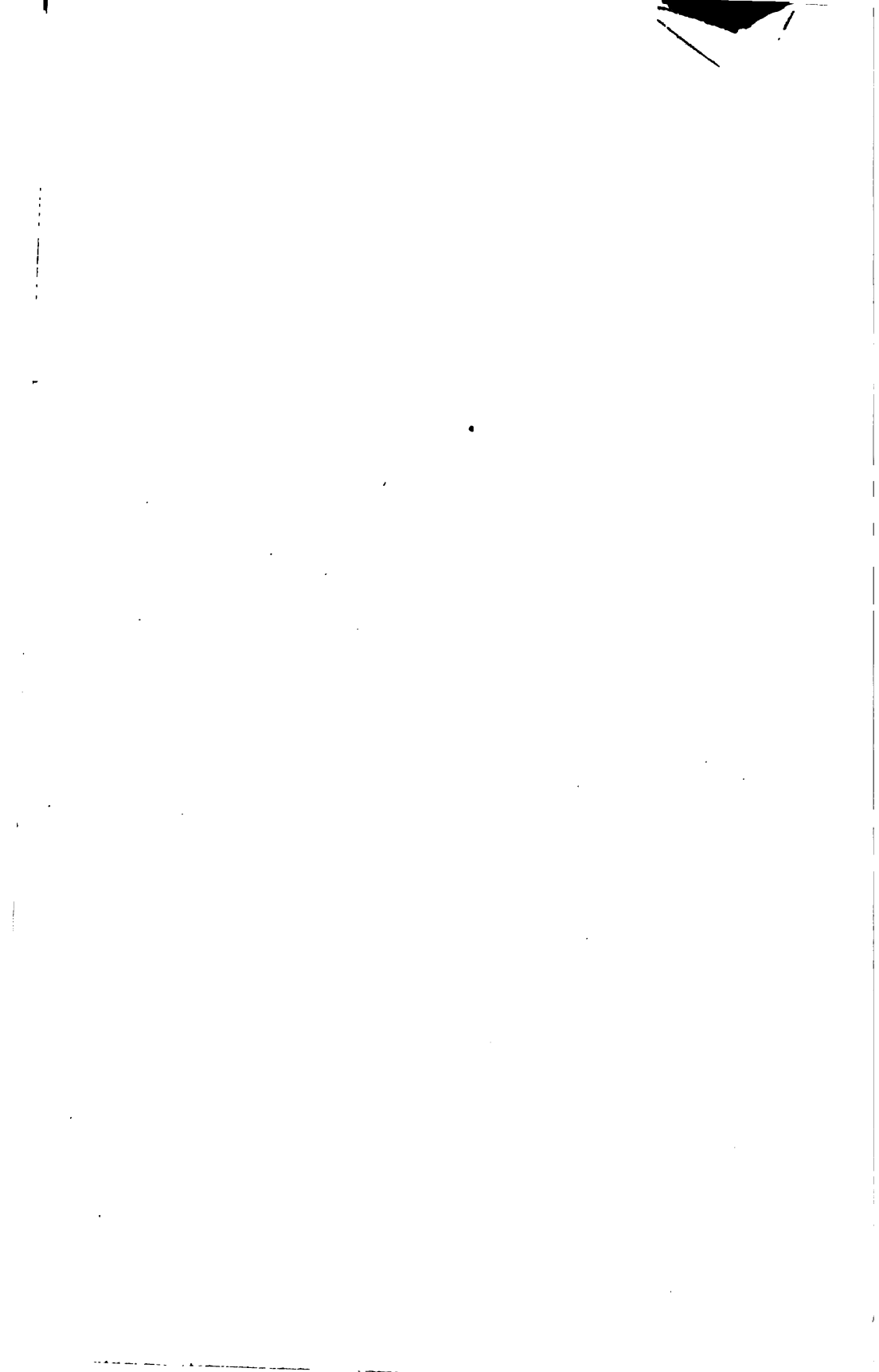
NAME.	ADDRESS.	TITLE.	COMPANY.
Heider, J. J.,	Burlington, Ia.,	Special Agt & Adj.	German Ins. Co., Freeport.
Hersh, G. Edward,	York, Pa.,	President,	Farmer's Ins. Co., York, Pa.
Hershey, H. H.,	Hannibal, Mo.,	Special Agt & Adj.	Niagara Ins. Co.
Hildreth, L. E.,	115 Monroe, Chicago, Ill.,	Special Agt & Adj.	Hartford Fire Ins. Co.
Hill, Herbert C.,	Minneapolis, Minn.,	Special Agt & Adj.	California Ins. Co.
Hillyer, Edwin,	161 LaSalle, Chicago,	Special Agt & Adj.	Manufacturers, Boston,
Hitchcock, H. P.,	Akron, O.,	Special Agt & Adj.	People's, Newark, N. J.
Hobbs, H. H.,	208 LaSalle, Chicago,	Manager.	Newark Fire Ins. Co., N. J.
Hoit, W. P.,	150 LaSalle, Chicago, Ill.,	Special Agent,	N. Y. Alliance.
Holden, J. L.,	120 LaSalle, Chicago,	State Agt & Adj'r.	Ins. Co. North America.
Holland, W. Henry,	212 Olive, St. Louis,	General Adjuster.	Pennsylvania Fire.
Hollinshead, C. S.,	Philadelphia,	Assistant Secretary,	Union Ins. Co., Phil.
Holloway, Geo. A.,	115 Monroe, Chicago,	General Adjuster,	Hartford Fire Ins. Co.
Holman, Isaac W.,	Erie, Pa.,	Ast't Gen'l Ag't,	Ins. Co. North America.
Hosford, J. M.,	Geneseo, Ills.,	State Agent,	Pennsylvania Fire.
Hosmer, Frank B.,	154 LaSalle, Chicago,	General Agent,	Home Ins. Co., N. Y.
Hosmer, R. W.,	154 LaSalle, Chicago.	General Agent,	Roger Williams, R. I.
Hough, E. A.,	Jackson, Mich.,	State Agent,	Mercantile Marine Ins. Co.,
Hough, Judson J.,	Maroa, Ill.,	Special Agent,	Boston
House, S. R.,	Painesville, O.,	General Agent,	Watertown Fire Ins. Co.
Houston, M. A.,	Louisville,	Secretary,	N. W. National, Milwaukee.
Howley, John,	St. Paul, Minn.,	Special Agent,	Glens Falls Ins. Co.
Innes, W. P.,	Grand Rapids, Mich.,	Special Agent,	Louisville Ins. Co.
Iott, Lewis,	161 LaSalle, Chicago, Ill.,	Special Agent,	Niagara Ins. Co.
Ireton, E. L.,	24 West Fourth, Cincinnati,	Special Agent,	Howard Ins. Co., N. Y.
Johnson, E. C.,	Michigan City, Ind.,	Man'gr East. Dept.,	London Assurance, Eng.
Jones, James A.,	82 Griswold, Detroit, Mich.,	Special Agent,	California Ins. Co.
Jones, Wm. L.,	82 Michigan, Milwaukee,	General Agent,	Springfield F. & M. Ins. Co.
Kerr, R. H.,	Leavenworth,	Special Agent,	Western Assurance, Toronto.
Kibbee, C. W.,	29 Arundel, St. Paul,	State Ag't & Adj'r.,	Orient Ins. Co., Hartford.
Koch, G. H.,	161 and 163 LaSalle, Chicago,	General Agent.	Connecticut Fire Ins. Co.
Law, John H.,	Third & Walnut, Cincinnati,	Manager,	Concordia, Milwaukee.
Lawrence, Milo E.,	Indianapolis, Ind.,	Special Agent,	Royal, Liverpool, & London
Lawson, Henry L.,	106 Main, Oshkosh, Wis.,	Special Agent,	& Lancashire.
Lee, J. O.,	161 LaSalle, Chicago,	Special Agent,	Firemen's Fund, Cal.
Leavitt, C. F.,	Springfield, Mo.,	Special Agent,	Union, Cal.
Letton, T. W.,	114 LaSalle, Chicago,	Ast. Manager,	Western Assurance, Toronto.
Lewis, Edwin C.,	161 LaSalle, Chicago,	Special Agent,	London Assurance, Eng.
Lindsey, H. K.,	20 Johnsons' Bldg., Cincinnati,	Manager,	N. B. and M., Eng.
Little, F. W.,	Pleasant Hill, Mo.,	Special Agent,	Fire Insurance Association,
Littlejohn, W. J.,	St. Joseph, Mo.,	Superv'r and Adj'r,	London, England.
Lyman, E. W.,	150 LaSalle, Chicago,	General Agent,	Boylston, Boston.
Lyman, W. F.,	New Orleans, La.,	President,	Lancashire, England.
Lyon, George M.,	155 LaSalle, Chicago,	Associate Manager,	Lancashire Ins. Co.
Magill, H. M.,	24 West Fourth, Cincinnati,	General Agent,	Connecticut Fire Ins. Co.
Main, A. H.,	Madison, Wis.,	Special Agent,	New York Alliance.
Marot, B.,	Dayton, Ohio,	Special Agent,	Crescent Ins. Co.
Marsh, E. D.,	Cleveland, O.,	Special Agent,	Home, N. Y.
Marshall, C. W.,	Urbana, O.,	State Agent,	Phoenix, Hartford.
Marshall, J. F.,	150 LaSalle, Chicago, Ill.,	Special Agent,	German-American, N. Y.
McCord, W. B.,	Minneapolis, Minn.,	Manager,	St. Paul F. & M.
McCurdy, Robt.,	Madison, Wis.,	Special Agent,	Continental, N. Y.
McDonald, J. J.,	Minneapolis,	Special Agent,	Home, N. Y.
McKnight, G. J.,	Cleveland, O.,	State Agent,	N. Y. Alliance.
Merriam, S. A.,	Kansas City, Mo.,	Special Agent,	Local Board.
Miller, Jas. A.,	Chicago, Ill.,	Special Agent,	Hekla Ins. Co., Wis.
Miller, John G.,	Burlington, Ia.,	Secretary,	Continental, N. Y.
Miller, Nicholas C.,	141 Broadway, N. Y.,	President,	Springfield F. & M. Ins. Co., Mass
Milligan, Jas. G.,	Minneapolis, Minn.,	Special Agent,	St. Paul F. & M.
Monroe, Wm. M.,	{ 17 Morris, Walnut Hills, } Cincinnati, O.	Special Agent,	New Orleans Ins. Co.
Moody, L. D.,	74 E. Market, Indianapolis,	Special Agent,	Burlington Ins. Co.
Moore, Geo. H.,	Detroit, Mich.,	Special Agent,	Star Fire Ins. Co.
Moss, H. L.,	5 West Third, St. Paul,	State Agent,	Clinton, N. Y.
Mullins, C. E.,	157 & 159 LaSalle, Chicago,	Resident Secretary,	Providence-Washington.
			Niagara Ins. Co.
			Franklin, Phila.
			Manhattan Ins. Co., N. Y.
			National, Hartford,
			Commercial Union, Eng.

NAME.	ADDRESS.	TITLE.	COMPANY.
Munson, E. A.,	Indianapolis, Ind.,	Special Agent,	Franklin Ins. Co., Ind.
Neff, G. W.,	21 West Third, Cincinnati,	Man'g'r Cent'l Dep.,	Western, Toronto.
Newberger, J. M.,	La Porte, Ind.,	Special Agent,	German-American, N. Y.
Norbeck, C. E.,	La Crosse, Wis.,	Special Agent,	Niagara, N. Y.
Noyes, W. A.,	St. Louis, Mo.,	Special Agent,	Mercantile Marine, Boston.
Osmun, Daniel C.,	155 LaSalle, Chicago,	Supt. of Agencies,	American, Boston.
Ostrander, D.,	Milwaukee, Wis.,	General Adjuster.	Imperial Ins. Co., London.
Page, W. E.,	Des Moines, Ia.,	Special Agent,	Phenix, N. Y.
Paige, John C.,	20 Kilby, Boston,	Res't Manager,	Queen Ins. Co., Liverpool.
Palmer, H. E.,	Plattsmouth, Neb.,	Special Agt & Adj'r,	Metropole Ins. Co., Paris.
Parsons, T. C.,	320 Superior, Cleveland, O.,	General Agent,	Reassurances Generales.
Peetrey, J.,	London, O.,	Special Agent,	City of London.
Pires, L. A.,	Dallas, Texas,	General Adjuster.	Home, N. Y.
Porter, Rogers,	157 LaSalle, Chicago,	Special Agt & Adj'r,	Merchants' Ins. Co., Newark.
Plank, P. W.,	Champaign, Ill.,	Special Agent,	Clinton Fire, N. Y.
Potter, C. W.,	13 Newhall Bk, Milwaukee,	State Agent,	Providence-Washington, R.I.
Preston, E. C.,	Detroit, Mich.,	Secretary,	Queen Ins. Co., Liverpool.
Raymond, M. H. N.,	Grand Rapids, Mich.,	Special Agent,	
Redfield, Geo. E.,	161 LaSalle, Chicago,	{ Associate Man- }	
Redfield, A. P.,		{ agers,	
Reed, W. A.,	Berea, Ohio,	Special Agent,	
Reed, Wm.,	Chicago, Ill.,	General Adjuster.	
Reger, Geo. F.,	Philadelphia, Pa.,	Manager W. Dept,	
Reynolds, J. N.,	Kansas City, Mo.,	Special Agent,	Franklin Fire Ins. Co., Pa.
Rice, E. F.,	171 Vine, Cincinnati,	Adjuster,	Westchester Fire, N. Y.
Riddle, J. Irving,	Sixth and Main, Terre Haute,	Special Agent,	Etna, Hartford.
Robertson, E. P.,	Albion, Mich.,	Special Agent,	Phenix, Brooklyn.
Rogers, Jos. M.,	169 & 171 LaSalle, Chicago,	General Agent,	Glens Falls Ins. Co., N. Y.
Roper, Geo. S.,	Rockford, Ill.,	Secretary.	Queen Ins. Co.
Ross, W. F.,	Davenport, Iowa,	Manager,	Manf. & Merch. Ins. Co.
Rowell, Alfred,	153 Broadway, New York,	General Agent,	Local Board.
Russell, H. M.,	114 LaSalle, Chicago,	General Agent,	Republic, N. Y.
Salomon, L. H.,	170 LaSalle, Chicago, Ill.,	Special Agent,	Commonwealth, Boston.
Schenck, H. H.,	161 LaSalle, Chicago,	Manager,	North-German, Hamburg.
Scott, Walter,	Kansas City,	State Agent,	Mech. & Traders Ins. Co. N. Y.
Schultz, Daniel,	Milwaukee,	General Agent,	Home, N. Y.
Schupp, Simeon,	210 LaSalle, Chicago,	General Agent,	Mil. Mechanics Mutual.
Seiders, W. H.,	Indianapolis, Ind.,	State Agent,	German, Freeport, Ill.
Shade, Charles E.,	206 Broadway, New York,	Special Agt. & Adj'r	Ins. Co. North America.
Shallcross, J. L.,	329 Main, Louisville,	Secretary,	Pennsylvania Fire.
Simonds, E. A.,	153 LaSalle, Chicago, Ill.,	General Agent,	Norwich U. F. Ins. Society.
Smith, R. J.,	110 LaSalle, Chicago,	Secretary,	Louisville Underwriters.
Smith, T. H.,	20 Major Block, Chicago,	Special Agent,	Metropole, Paris.
Snider, George K.,	31 West Third, Cincinnati,	General Agent,	City of London.
Southmayd, O. A.,	Columbus, Wis.,	General Agent,	Traders' Ins. Co., Chicago.
Spalding, A. W.,	210 LaSalle, Chicago,	General Agent,	N. British & Mercantile.
Spear, Theo. F.,	24 W. Fourth, Cincinnati,	Asst. General Agent,	Niagara, N. Y.
Stanberry, Edward,	Cincinnati, O.,	Special Agent,	
Stevison, J. H.,	108 Fifth Ave., Chicago,	Special Agent,	
Stone, Jacob,	Minneapolis, Minn.,	Adjuster.	
Straight, H. J.,	150 LaSalle, Chicago,	General Agent,	
Strickler, D.,	York, Penn.,	Secretary,	
Stuart, H. C.,	Lincoln, Neb.,	Special Agent,	
Sweeney, Anthony,	Denver, Col.,	Special Agent,	
Taylor, R. J.,	Lakeside B'g, Chicago,	Adjuster,	
Theobald, G. P.,	Louisville, Ky.,	Special Agent,	
Tiffany, H. S.,	80 Monroe, Chicago,	Insurance Printer.	
Tillinghast, J. R.,	171 LaSalle, Chicago, Ill.,	Associate Gen. Agt.,	
Tinkham, J. N.,	Lawrence, Kan.,	Special Agent,	
Trembor, Wm.,	Freeport, Ill.,	Assistant Secretary,	
Trezevant, Jr., J. T.,	Dallas, Texas,	General Agent,	
Trumbull, A. J.,	213 Robert, St. Paul,	Spec'l Agt & Adj'r,	
Tucker, Lee M.,	73 Main, Columbus, Miss.	General Agent,	
			Western Assurance, Ca.

NAME.	ADDRESS.	TITLE.	COMPANY.
Underwood, Thos.,	36 Ferry, Lafayette, Ind.,	Special Agent,	Home Ins. Co., N. Y.
Vail, H. S.,	115 Dearborn, Chicago, Ill.,	Actuary,	Insurance Dept., Ill.
VanAnden, C. A.,	Bloomington, Ill.,	Special Agent,	Niagara, N. Y.
Vance, J. P.,	Cincinnati, O.,	State Agent,	Ins. Co. North America.
Van Allen, G. A.,	57 State, Albany, N. Y.,	Vice President,	Commerce Ins. Co.
Van Voorhis, Frank,	161 LaSalle, Chicago, Ill.	General Agent,	British America, Can.
Virchow, John,	163 LaSalle, Chicago,	Special Agent,	Hamburg-Madgeburg.
Virgin, C. R.,	Fairbury, Ill.,	Special Agent,	British America, Can.
Wagner, D. S.,	Des Moines, Ia.,	Special Agent,	Imperial and Northern.
Waggoner, S. E.,	Macon, Mo.,	Special Agent,	N. British & Mercantile.
Waldron, A.,	210 LaSalle, Chicago, Ill.,	Special Agent,	Glens Falls, N. Y.
Walker, Ben. F.,	Springfield, Ill.,	Spec'l Agt & Adj'r,	Ins. Co. North America.
Walker, H. H.,	75½ E. Market, Indianapolis,	State Agent,	Pennsylvania Fire.
Wallace, J. M.,	Dayton, Ohio,	Special Agent,	Home Ins. Co., N. Y.
Washington, H. B.,	74 LaSalle, Chicago, Ill.,	Special Agent,	Fire Ins. Assoc'n, London.
Wasson, A. M. L.,	P. O. Box 479, Cincinnati, O.,	State Agent,	Hamburg-Bremen Fire Ins. Co.
Weinland, J. A.,	Westerville, O.	Special Agent,	Royal Ins. Co.
Wells, David W.,	161 and 163 LaSalle, Chicago,	Special Agent,	Continental, N. Y.
Wheeler, F. C.,	210 LaSalle, Chicago,	Special Agent,	N. British & Mercantile.
Wheelock, J. D.,	Hartford, Wis.,	Special Agent,	Star Fire Ins. Co., N. Y.
Whitehead, J. M.,	155 LaSalle, Chicago,	Special Agt & Adj'r	Union Ins., Philadelphia.
Whitlock, J. L.,	210 LaSalle, Chicago,	Manager,	Glens Falls Ins. Co., N. Y.
Williams, A.,	Lakeside Bld'g, Chicago,	Supt. West'n Dep't,	Imperial Ins. Co., London.
Williams, H. N.,	Brookfield, Mo.,	Special Agent,	Glens Falls Ins. Co., N. Y.
Williams, J. P.,	210 LaSalle, Chicago,	Special Agent,	Continental, N. Y.
Williams, S. G.,	5 W. Third, Cincinnati, O.,	General Adjuster,	Phoenix Ass'ce Co., London.
Witkowski, Conrad	174 LaSalle, Chicago,	Manager,	Star Ins. Co., N. Y.
Wilson, Geo. A. S.,	168 LaSalle, Chicago,	Spec'l Agt & Adj'r	Ins. Adjustment Co.
Wilson, J. O.,	210 LaSalle, Chicago,	Manager,	Hamburg-Bremen.
Woodworth, A. J.,	175 Broadway, New York,	General Agent,	Scottish Union & National
Zollars, T. J.,	Ottumwa, Iowa,	Spec'l Agt & Adj'r,	Lion Ins. Co., London.
			Union, Phila., Star, N. Y.
			Germania, N. Y.
			Metropole, Paris.
			City of London.

In Memoriam.

NAME.	ADDRESS.	TITLE.	COMPANY.
Ashworth, Wm.,	Chicago, Ill.,	General Agent,	British America Ass'ce Co.
Bissell, F. R.,	Dubuque, Ia.,	State Agent,	Hartford Ins. Co.
Euler, Philip, Jr.,	Evansville, Ind.,	Special Agent,	Springfield F. & M.
Forbes, Wells M.,	Richmond, Ind.	State Agent,	Royal Ins. Co.
Harris, J. S.,	Chicago, Ill.,	General Agent,	Metropole Ins. Co., Paris.
Hewitt, Edgar A.,	New York,	Editor,	Insurance Chronicle.
Keller, P. C.,	Quincy, Ill.,	Special Agent,	Phoenix Ins. Co., Hartford.
Lumbard, S.,	Fort Wayne, Ind.,	General Adjuster,	Phenix Ins. Co., N. Y.
Morris, Lewis R.,	Detroit, Mich.,	Manager,	Niagara Ins. Co., N. Y.
Morse, Dr. Daniel,	Detroit, Mich.,	State Agent,	Home Ins. Co., N. Y.
Niemann, A. D.,	Chicago, Ill.,	Special Agent,	Orient Ins. Co.
Sewell, John,	Montreal, Can.,	General Adjuster,	Royal Canadian Ins. Co.
Travis, A. C.,	210 N. Third, St. Louis,	Manager W. Dep't,	Firemen's, Dayton.
Waters, A. J.,	1719 Euclid Av., Cleveland,	State Agent,	Continental, N. Y.
Wessenberg, Chas.,	Mobile, Ala.,	General Agent,	Mobile Underwriters'.
Young, Martin V. B.,	Rochester, N. Y.,	General Agent,	Commerce Ins. Co.



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